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CONTINENTAL SELING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 5.00; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 5.00; PORTUGAL Esc 45; SPAIN Pta 70; SWEDEN Kr 5.00; SWITZERLAND Fr. 2.0; EIRE 25p; MALTA 20c

NEWS SUMMARY

GENERAL

BUSINESS

Nuclear missile in silo blast

Equities 3.3 off; Gold up \$6

EQUITIES continued to reflect the impact of deepening recession. The FT 30-share

index closed 3.3 down at 494.4 for a fall of 14.5 on a week dominated by GKN's poor results. Page 24

GILTS followed equities down on news of U.S. prime increases. The Government Securities index shed 0.40 to 70.79. Page 24

STERLING was unchanged on balance, its trade-weighted index remaining at 75.6. It rose just five points to \$2.255.

DOLLAR was slightly firmer at DM 1.7960 (DM 1.7915), though its trade-weighted index fell to 33.5 (33.6). Page 23

GOLD closed at \$677.5 in London, a rise of \$6. Page 23

WALL STREET was up 8.54 to 965.02 near the close. Page 20

CITIBANK, Manufacturers' Hanover Trust and Chemical Bank, three of the biggest U.S. banks, raised their prime rate from 12.5 per cent to 12.5 per cent. Back Page

HIGHER IMF contribution for the U.S. has been approved by the House of Representatives, which signalled its disapproval of possible Palestine Liberation Organisation membership of the fund. Back Page

BANK OF ITALY announced a balance of payments deficit of £7.5bn (£15.5m) last month.

JAPAN'S balance of payments surplus widened in August to \$880m from \$322m in July. Page 2

U.S. has complained to France about the \$300m contract French companies have won with the USSR for steel-making equipment. Back Page

BP CHEMICALS announced a 13.5 per cent price rise for styrene monomer to about \$330 (£148) a tonne. Page 3

WILLIAM DENBY & Sons 220 wool textile mill workers voted overwhelmingly to take a 10 per cent wage cut to save their jobs.

LAFARGUE, the French cement group, is to make a major diversification into the biochemical industry by taking control of the Belgian Coppee concern. Page 21

JAPAN AIRLINES is to adopt a programme to cut operating losses due to steeply rising fuel costs following a Y20bn (£38m) loss for the year to end March. Page 21

EUROPEAN FERRIES has conditionally agreed to pay £23m for a 9.5% stake in Singer and Friedlander, one of the smaller City accepting houses. Back Page

WESTERN HOLDINGS reported first-half pre-tax profits down from £5.3m to £4.7m. Page 18

MOLINS, precision engineering group, reported first-half pre-tax profits down from £5.3m to £4.7m. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pounds unless otherwise indicated)

RISSES

Clarke Nicholls ... 133 + 6
Esperanza ... 130 + 6
Nichols (Vimto) ... 255 + 23
RTD ... 15 + 4
ORE ... 125 + 11
Premier Cons ... 90 + 6
Assar Frontier Tea 235 + 12
Cons. Gold Fields ... 625 + 17
ERGO ... 501 + 30
Rusten Plat ... 345 + 12
Western Deep ... 501 + 21
Western Holdings ... 243 + 24
Whim Creek ... 105 + 7
FALLS

Treas. 12½pc 95 ... 1004 - 1
Adwest ... 172 - 6
Armstrong Equip ... 40 - 4
Assed. Engineering ... 52 - 6
Aurora ... 48 - 6
Bell (A) ... 186 - 6

Bowthorpe ... 165 - 6
Castbury Schweppes ... 72 - 3
Cornell Dresses ... 55 - 5
Eagle Star ... 262 - 8
European Ferries ... 189 - 104
Fisons ... 212 - 8
GKN ... 191 - 7
Hawker Siddeley ... 228 - 6
ICI ... 176 - 11
Land Securities ... 388 - 5
Laporte ... 97 - 8
Lucas Inds ... 194 - 7
Magrit Southern ... 163 - 7
Montfort ... 62 - 3
Norton Wright ... 72 - 6
Racial Electronics ... 321 - 11
Benoit ... 75 - 6
Smiths Inds ... 253 - 7
Vickers ... 135 - 6
Willis Faber ... 260 - 9
Aran Energy ... 315 - 55

New EEC loan plan to offset balance of payment problems

BY JO NATHAN CARR IN BONN

THE ESTABLISHMENT of a new European Community loan facility to help member states in balance of payments difficulties is expected to be discussed at a meeting of EEC finance ministers this weekend.

The nine ministers are meeting informally in Muellerthal, Luxembourg, today and tomorrow primarily to prepare the ground for the annual meeting of the International Monetary Fund at the end of the month.

At a time when almost all EEC members are facing balance of payments difficulties, firm progress has been made in the last few months towards establishing a new European loan scheme.

It is possible that part of the scheme's lending might go to non-member states—but this is not likely to be the primary aim.

An important function of the scheme would be to borrow from oil-rich countries. The money would then be lent to countries with balance of payments deficits. It is hoped that the EEC's

monetary committee will be able to agree an outline of the plan by the end of next month.

Bonn officials emphasise that the facility is not intended to replace the IMF's own lending efforts nor the medium-term credit facilities which form part of the European Monetary System (EMS).

It would be similar to an EEC scheme proposed in 1975 under which the Community planned to borrow funds from the oil producers and lend to Italy and Ireland. In the event, a total of £1.5bn was raised for those two countries by the EEC—but principally from the Eurobond market, not OPEC.

The Finance Ministers discussed the loan in broad outline at another informal meeting at Toarmina in Sicily during the spring. At that stage there appeared to be two main options.

One was to try to give the EEC a significant role in borrowing from Organisation of Petroleum Exporting Countries and re-lending to non-oil pro-

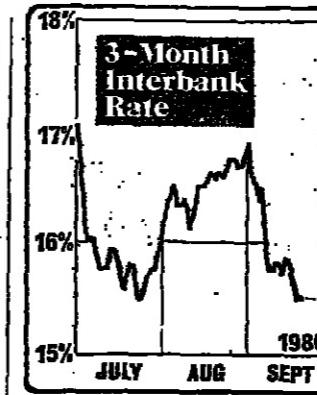
ducers. This raises the question of what new borrowing action may have to be undertaken.

During developing countries. This idea was supported by Italy and France in particular, but there were fears in some other member states that the plan was over-ambitious and might cut across the recycling exports of the IMF.

The other option was to borrow from OPEC primarily to help EEC members. According to Bonn officials, this is the one which now seems to have majority support.

At the IMF meeting starting September 30 the broad issue will be the extent to which the IMF can broaden its role to help recycle the surplus funds of the oil producing countries likely to total about \$120bn this year alone.

Over the next few months the IMF will consider the remaining part of the \$10bn so-called Witteveen facility raised to help countries with oil-induced deficits. This raises the question of what new borrowing action may have to be undertaken.



Hope for interest rates cut fades

BY PETER RIDDELL

THE BANK OF ENGLAND yesterday moved to dampen hopes about a large early cut in interest rates. This followed a further sharp fall in the average discount rate at yesterday's Treasury Bill tender.

The discount rate—indicating the level of interest payments on three-month Treasury Bills issued by the Government—dropped by 0.27 points to 14.13 per cent, compared with just over 14.9 per cent at the beginning of the month. Yesterday's average rate would have been consistent with a Minimum Lending Rate (MLR) of 14.4 per cent, against the present 16 per cent, under the old market-related formula, abandoned two weeks ago.

The Bank did not, however, lower the rates at which it is prepared to deal in Treasury Bills with the money markets.

No official comment was made. But the markets interpreted the move as a sign that the authorities consider the extent of the movement in the average rate as more than justified at present.

This move ties in with the generally cautious official line now being taken on MLR. There is both a hope and a belief in Whitehall that the trend of interest rates is downwards. But, after the recent sharp rise in the money supply, there is an official preference to wait at least until the September figures are available early next month before considering any change.

Officials want to see a clearer picture of what is happening to the underlying demand for

Continued on Back Page

Destination	Old	New	Destination	Old	New
in New York	£	£	in New York	£	£
Birmingham	9.15	10.90	Liverpool	15.20	18.20
Bournemouth	8.15	9.90	Manchester	15.20	18.20
Bristol	9.70	11.90	Newcastle	23.90	28.70
Cardiff	14.00	16.90	Norwich	9.35	11.20
Edinburgh	26.90	32.30	Nottingham	9.85	11.30
Glasgow	24.50	28.70	Sheffield	12.30	14.40
Leeds	16.00	19.40	York	16.00	19.40

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CONTENTS

OVERSEAS NEWS

Foreign buying of Japan stocks at peak in August

BY RICHARD C. HANSON IN TOKYO

FOREIGN purchases of Japanese stocks hit a record \$2.1bn level for a single month of \$1.1bn (£4.6m) in August, the Finance Ministry revealed yesterday.

The inflow, much of which originated from oil exporting countries, appears to have been the main force behind a sharp appreciation of the yen in August and early September.

Overseas investment in equities was matched by an almost equal quantity of funds poured into other Japanese securities \$600m worth of bond purchases and \$400m worth of investments in the short-term repurchase bond market (the *ginko* market).

Total foreign purchases of

securities amounting to \$2.1bn were, however, offset by some \$1.1bn worth of Japanese external investments bringing the country's net surplus on long-term capital account for the month to \$1.05bn.

This was the second largest long capital surplus on record. The largest figure to date was registered in May when overseas interest centred mainly on bond purchases.

The heavy surplus on long-term capital account more than offset a current account deficit of \$320m (reflecting continued weakness in Japan's visible and invisible trade accounts) to produce an overall balance of payments surplus of \$880m.

This was the largest overall

surplus since March 1978 before Japan's overseas balance began to be hit by higher oil prices.

Officials are beginning to worry that the sudden influx of foreign capital—inspired mostly by confidence in Japan's economy—could just as quickly turn into an outflow if sentiments overseas change.

This, they fear, would disrupt the foreign exchange market.

The August trade account showed a surplus of \$330m compared with \$113m in July. Exports were up 25 per cent over last year's level, while imports expanded only 12 per cent following a 30 per cent yearly rise in July.

Suzuki cabinet hit by scandal

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE three-month-old cabinet of Prime Minister Zenko Suzuki was hit by its first political scandal today when Mr. Kunio Saito, Health and Welfare Minister, resigned to take responsibility for the "unwise" acceptance of political funds.

The funds, consisting of three cheques totalling Y15m (£23,500) came from the proprietor of a hospital in suburban Tokyo who was arrested recently for violating the medical code.

Mr. Saito apparently had no knowledge of the hospital's illegal activities when he took the funds. He delayed his resignation, however, until the day after a Tokyo newspaper had revealed details of the fund contributions.

Mr. Saito said yesterday he felt that he had done "nothing

wrong" in accepting donations from the hospital (whose proprietor is accused of having carried out false diagnosis on female patients). He added however that he felt it would be difficult for him to carry out his responsibilities after the incident.

Mr. Saito is a former official of the health and welfare ministry—a fairly normal career pattern in Japanese politics.

Prime Minister Suzuki appears to have been initially reluctant to accept Mr. Saito's resignation but eventually agreed to do so in the hope of avoiding an opposition "grilling" over the incident in the Diet. Mr. Saito's successor at the Health Ministry will be Mr. Sunao Sonoda, a former Minister of Foreign Affairs.

Philips cuts production at television tube plants

BY JASON CRISP

PHILIPS, the giant Dutch electrical group, and Europe's largest television tube maker, has announced considerable cuts in production at four of its nine European tube plants.

The four plants affected make the 26-inch tube. Demand for tubes of this size have been hit not only by a general poor sales level but also by a shift to smaller sets, says Philips.

Redundancies or short-time working is being introduced at Eindhoven in the Netherlands, Dreux in France, Lebring in Austria and Aachen in Germany.

UAE lowering oil output

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE United Arab Emirates is reported to be lowering its oil production by 10 per cent—a move which may signal general output cuts by members of the Organisation of Petroleum Exporting Countries.

Dr. Mana Saeed Otaiba, the UAE's Oil Minister, was quoted by the Emirates newsagency as saying production would be cut by 10 per cent from the 1.7m barrels a day the UAE has been producing in recent months. He added that this week's OPEC conference in Vienna had agreed that each member would

consider cutting oil output. OPEC states are currently estimated to be producing between 2m and 3m barrels a day in excess of market demand. Members have been urging Saudi Arabia—which accounts for one third of OPEC production—to help reduce the glut by dropping its output from 9.5m b/d to its official "ceiling" of 8.8m b/d.

However, Saudi Arabia intends to keep production at 9.5m b/d until the end of the year as a means of forcing other states into agreement on a long-term OPEC strategy.

Refund for UK delayed

BY WALTER ELLIS IN STRASBOURG

AGREEMENT on an EEC common fisheries policy is a solution. Brussels' promised repayments to Britain were to amount to some £760m this financial year, but progress has been slow, due first to French obstructionism and then to a developing procedural dispute between the Parliament in Strasbourg and the Council of Ministers.

EEC fisheries policy—which Britain has been blocking while it seeks more favourable terms—is due to be discussed at Council level on September 29. Early agreement is, however, thought unlikely.

Iraq plans to 'liberate' Iran land

By Roger Matthews

IRAQ is to press ahead with plans to "liberate" 200 square miles of territory controlled by Iran. As border fighting continued, the newspaper of the ruling Ba'th party said, however, that Iraq had no ambitions against "strictly Iranian land."

In the fighting this year, Iraq says it has taken less than half the territory it is claiming. President Saddam Hussein of Iraq said early this week he had abrogated the 1975 border agreement with Iran and was taking full control of the Shatt al-Arab waterway which divides the two countries.

He has yet to refer to two other demands the Iraqis made late last year for improving relations with Tehran. These were the return of the islands at the mouth of the Gulf—Abu Musa and the Greater and Lesser Tumbu—to Arab control and the promise of self-rule for such minorities as the Kurds, Arabs and Baluchis.

At a Friday prayer meeting in Tehran, Mr. Fakhruddin Hejazi, a member of the Iranian Majlis (parliament), said Iraq was trying to stir up the people in the oil-rich province of Khuzestan, which has a significant Arab population, "to seize the oilfields for the U.S."

Rupert Cornwell, recently in Palermo, reports on the changing operations of the Mafia

Drugs alter tacit pact with Italian state

IN PALERMO, Sicily, death is too often fast, brutal and mysterious. On the morning of Saturday, September 6, Don Giacinto Castranova, a traditional friar, friend of the powerful, dispenser of favours to the weak, was shot dead by two assassins in his cell at the 14th century monastery of Santa Maria del Gesu on the outskirts of the city.

In a drawer beside him police found a loaded Walther P38 pistol, and £40,000 (£20,000) in cash. The rumours started to fly at once. No one doubts that the killing was connected with the Mafia. But how? Some claimed that the cemetery of the monastery had been used as a secret graveyard for the "honourable society"; others that Don Giacinto had made a false step in that twilight world where politics and crime in western Sicily overlap.

There are no hard facts. But if the Mafia was responsible, the priest would have been the 42nd victim of the Mafia in Palermo so far this year. For two years Palermo, the traditional Mafia capital in depressed western Sicily, has lived through a bloodbath.

Last year 156 people died at the hands of the Mafia in Sicily and this year's rate is similar. But a difference from the past is emerging. It is the growing importance of the victims onto the old feudal Mafia of the vendetta has been grafted a new and yet more ruthless variant.

Special features in the October issue:

* Harpsichord Makers

* Turning for Tiles

* Reproduction Card Table

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Norwegian weight rule bars oil rig

BY DAVID SATTER IN MOSCOW

ANALYSIS of Soviet foreign trade returns show that the Soviet Union is now in the strongest external financial position since it stepped up its hard currency borrowing at the start of the detente era.

A semi-submersible oil rig which has drilled 25 wells in the North Sea has now been officially barred from operating on Norway's shelf. After technical tests, conducted last week, the Norwegian Shipping Directorate has ruled that the rig—the Norskland—may not carry more than 540 tonnes "miscellaneous deck load." Experts say a drilling rig normally needs to carry a deck load of around 1,800 tonnes, writes Fay Gjester in Oslo.

StatOil, Norway's State oil company, has released Norskland three weeks before its present charter expires, on October 1, because it cannot use the rig with this weight limitation.

Esso Exploration Norway, which had chartered it from November 1, seems unlikely to be able to use it either. Esso director Mr. I. Collitt said that the company had not yet decided what to do.

Finnish Budget

Finland's Minister of Finance, Mr. Ahti Pekkala, described his 1981 Budget which he presented to parliament yesterday, as a "penny-pinching" Budget. Spending of almost Fmk 60bn (£6.9bn) is proposed—15 per cent more than the 1980 Budget. The deficit of nearly Fmk 6bn is to be covered by borrowing at home and abroad, reports Lance Keyworth in Helsinki,

Output up

Swiss industrial production was up 8 per cent in the second quarter compared with the same period of last year. Apart from the final quarter of 1979, this output volume is the highest in Switzerland since the boom year of 1974, John Wicks reports from Zurich.

Bank Rate cut

The Dutch central bank is to cut Bank rate to 8.5 per cent from 9 per cent from Monday. It will also lower the rate on secured loans to 9.5 per cent from 10 per cent and the promissory note rate to 10 per cent from 10.5 per cent. Reuter reports from Amsterdam.

Death sentence

Martial law authorities yesterday confirmed the death sentence imposed on dissident leader Kim Dae-Jung on charges of trying to overthrow the South Korean Government by violence. Commander General Lee Hui-Song, the army chief of staff, also upheld prison terms of two to 20 years for 23 other dissidents. Reuter reports from Seoul.

Brotherhood deaths

Seven guerrillas from the outlawed Moslem Brotherhood were killed in a shoot-out with Syrian security forces in Aleppo, according to Sana, the Syrian official news agency, AP reports from Damascus.

Coffee curbs lifted

Kenya has lifted its 12-day ban on rail transport of Ugandan coffee to the Indian Ocean port of Mombasa, said coffee marketing board officials, AP reports from Kampala.

Guerrilla killed

Police in Paraguay yesterday shot and killed a left-wing guerrilla being sought after the assassination of Nicaragua's ousted dictator, General Anastasio Somoza, and arrested another Gen. Somoza's remains were flown back to the U.S. yesterday. Reuter reports from Kampala.

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Oil boosts Soviet hard currency

One consequence of this improvement is that the Soviet Union is now well-placed to provide the sort of hard currency loans it has extended to Poland in recent months without undue strain.

The key to its improved hard currency balance is the rise in world oil prices and large Soviet oil sales through the Rotterdam spot market. These allowed the Soviet Union to benefit proportionately more than the OPEC countries from price rises sparked off by OPEC actions and the crisis in Iran.

Bigger oil revenues helped the Soviet Union reduce its

hard currency deficit, last year to \$2.1bn, its lowest deficit since 1974. Higher prices for gold and other precious metals had a similar effect.

These factors, together with the traditional Soviet surplus on Third World trade, ensured a strong overall surplus position which is reflected, at least partially, in a sharp increase in the amount of hard currency on deposit with Western banks. This rose to \$7.1bn at the end of March this year compared with an estimated \$5.5bn a year earlier.

The outlook is for a further

improvement in the Soviet hard currency situation as the pattern of advance orders suggests that the Soviet Union will import between \$4.5bn and \$5.5bn in Western plant and machinery this year compared with a recent average of around \$3bn annually.

Western analysts in Moscow believe that the Soviet Union will continue to reduce the volume of hard currency oil sales from around 1bn b/d to 900,000 b/d this year but will still receive more revenue because of the higher level of prices.

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Preliminary discussions on this were held with banks in London this week, although lobbying is expected to begin in earnest at the forthcoming IMF annual meeting in Washington.

As already reported Yugoslavia is seeking over \$2bn in balance of payments credits this year out of a total foreign borrowing requirement of about \$4.5bn with the remainder being made up of supplier credits and other commercial credits.

Yugoslavia sets up loans in Europe and Gulf

BY PETER MONTAGNON

YUGOSLAVIA has made substantial progress in arranging international finance to cover its external borrowing needs over the next three years. This was stated in London yesterday by Mr. Kseno Bogoev, the country's Central Bank governor.

Banks in Kuwait have agreed to provide \$250m this year, and the same amount over each of the next two years.

A number of other countries, including France, Germany and Italy have also been approached for funds on a bilateral basis.

Mr. Bogoev said that these funds are not being sought in the form of government aid but from banks at commercial rates with the "moral backing" of the governments concerned.

The progress on borrowing coincides with encouraging signs

on the economic front, he said. Yugoslavia's balance of payments deficit could be held below \$2.5bn this year compared with \$3.6bn last year. By 1985 it is projected to fall to \$2.0bn.

The country's foreign exchange reserves have recovered to \$2.3bn after falling to a low of only \$1.4bn in March. This reflects higher tourism receipts and workers' remittances as well as some short term borrowing abroad by Yugoslav banks.

A further step towards meeting this year's external financing requirements will be the negotiation of a large euro-credit from banks in the U.S.

UK, Canada and Japan, Mr. Bogoev said, although he declined to disclose the projected amount.

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Anger grows among Italy's car workers at official indecision

BY RUPERT CORNWELL IN ROME

TENSION is mounting among workers throughout the Italian car industry over the Government's failure so far either to resolve the deadlock at Fiat, or make up its mind over the proposed joint venture between Nissan of Japan and the state-owned Alfa Romeo motor manufacturer.

Strikes which have paralysed production at Fiat's plants in and around Turin for the past week continued yesterday and stoppages and demonstrations disrupted output at Alfa's works around Milan and near Naples, where the factory for the Nissan scheme would be built.

Unions representing Italy's 1.5m metalworkers have called a one-day national strike for next Thursday in protest at both Fiat's envisaged cutbacks and the stalling on the Alfa/Nissan

project. A full-scale general strike is also being urged by some labour leaders to increase pressure on the Government.

Fiat has confirmed that a board meeting will take place on Monday, ostensibly to approve the group's first-half results. But there is speculation that details of the long-rumoured capital-raising operation planned by Fiat may also be finalised.

Ironically, against this backdrop of gathering storm, new figures show that the astonishing boom in Italian domestic car sales is still continuing.

Registrations in the first eight months of 1980 were up 18 per cent on the same period of 1979, and a full-year total of 1.65m vehicles sold is now predicted.

UK NEWS

Chemical industry slump shows signs of ending

By RAY DAFTER, ENERGY EDITOR

THE FIRST signs of a revival in the UK chemical industry's business came yesterday with an announcement of a big price rise for styrene monomer, an important plastics material.

At the same time the Chemical Industries Association reported a 27m improvement in the UK's trade balance in chemicals with France.

The price rise was announced by BP Chemicals which has about one-third of the UK styrene market. The company said that as from October 1, the minimum price for styrene monomer would be increased by about 13.5 per cent, from about \$730 (£306) a tonne to \$830 (£348) a tonne.

Shell Chemicals, another major styrene producer, is expected to follow BP's lead. It is understood that Shell will also be seeking a price of about \$850 a tonne.

Mr. Robert Horton, managing director designate of BP Chemicals, said there were encouraging signs from market indicators, that the slump in the UK chemical industry was beginning to "bottom out".

Record output in S. Wales coalfield

By Robin Reeves,
Welsh Correspondent

PRODUCTIVITY in the South Wales coalfield reached a record high of 1.59 tonnes per man last week as production rose to 174,243 tonnes. The National Coal Board (NCB) said yesterday.

In spite of a steady improvement in productivity and output, sustained since April, the threat remains of pit closures and industrial action by Welsh miners against any shutdowns.

Production costs in South Wales are still about £12 a tonne above the average prices received for the coal sold.

Drastic cutbacks in the steel industry and increased imports have reduced the coalfield's market for high-value coking coal by more than 3m tonnes.

Part of the loss has been made up by increases in sales for power generation and exports to EEC customers. But the sales are made at appreciably lower prices than those obtained for coking coal—and unsold stocks are still accumulating. Currently, they stand at more than 5m tonnes.

Mr. Philip Weeks, the NCB's South Wales director, said that the best performances were achieved by collieries where capital had been spent on reconstruction and re-equipping.

Even so, the difficult market climate, the recession, and other factors had restricted the increase of earnings from coal sales to 13.6 per cent while costs had risen by 18 per cent.

Mr. Weeks emphasised that the special economic reviews of several South Wales collieries would go on, in spite of the continuing boycott of the procedure by the leaders of local miners who regard them as merely a prelude to a round of closures.

"We must seek ways of making our own economies, rather than have them imposed upon us," he said.

Development agencies criticised on target

By ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

BOTH the Scottish and the Welsh Development Agencies were criticised in reports published yesterday by the influential Public Accounts Committee of the House of Commons for paying insufficient attention to the rates of return on their investments.

The committee urged the SDA to devise additional measures or tests as part of its general guidelines. It also hoped that the SDA would avoid losses on the scale experienced between inauguration in 1975 and the end of the financial year 1978-79.

The committee was critical of the steps the WDA takes to evaluate a potential investment, about the ability of the agency to obtain a rate of return on its investments comparable to those achieved by industry generally.

Eighteenth Report from the Committee of Public Accounts; Scottish Development Agency, £2.50.

Thirty-third Report from the Committee of Public Accounts; Welsh Development Agency, £2.50.

Both agencies have achieved

furthermore, U.S. prices for benzene—a raw material for styrene monomer—were beginning to rise. This suggested that U.S. producers should not be able to undermine the latest pricing move with a flood of cheap exports.

The European chemical industry, faced with depressed demand, has become deeply concerned about cheap U.S. chemicals, largely made possible by the availability of relatively low-priced fuel and feedstocks. An anti-dumping case against U.S. vinyl acetate exports is being prepared by the European Council of Chemical Manufacturers Federations (CECIC).

BP Chemicals believes that the prospects for the chemical industry have brightened sufficiently to raise prices and to reduce manufacturing losses.

The UK market for styrene is about 300,000 tonnes a year. However, the movement of styrene is much larger than this amount as a result of imports, exports and intra-company operations. BP Chemicals has

220,000 tonnes a year production capacity in South Wales.

BP Chemicals' operations in South Wales have been badly hit by the recession in the UK chemical industry, caused mainly by the general economic conditions but aggravated by U.S. exports. Earlier this month, the company announced that it was reducing its South Wales workforce by 10.4 per cent. Some 300 jobs were being cut at the Baglan Bay plastics factory and another 400 jobs were going at the Barrow plastics plant. During the first six months of this year BP's international chemicals operations made an operating loss of £2m. The trading loss on UK operations was £54m.

The Chemical Industries Association report on the UK-France chemicals trade balance showed that exports of UK products—plastics, medicines, paints and fertilisers—for the first seven months of this year were £289m, an increase of 16 per cent on the same period last year. At the same time UK chemical imports from France dropped by £45m (13.6 per cent) to £37m.

Warning by Prior on public sector pay

BY LISA WOOD

MR. JAMES PRIOR, the Employment Secretary, warned yesterday that excessive pay deals in the public sector this autumn could totally undermine the benefits of lower settlements in the private sector.

In a speech in St. Albans, Mr. Prior reflected the anxiety of his Ministerial colleagues and of industry about the way the private sector is bearing the brunt of the recession.

The country would look to those working in the public sector to take their fair share of the burden, he said. The "surefire consequence" of excessive pay deals throughout nationalised industries, the public services and local and central government would be to "thwart any amount of effort and undermine every degree of realism in private industry."

Ministers are particularly concerned that the easing of British Rail's cash limit should not be seen as an indication that the Government is prepared to subsidise higher nationalised industry pay deals...in another speech yesterday, Mr. Norman Fowler, the Minister of Transport, said productivity payments should be tied to the achievement of greater productivity.

In his speech, Mr. Prior said there were encouraging signs of realism on pay as the beginning of the autumn pay round approached. Big money claims would be totally out of step with the national mood.

Developing a theme which is likely to become increasingly familiar over the next few weeks, Mr. Prior stressed that legislation was not enough to create a good industrial relations climate. The responsibility for building trust rested primarily with management and unions.

Another warning that any attempt to reverse the Government's anti-inflation policies would be more harmful than seeing them through to the end was given yesterday by Mr. John Eifion, Chief Secretary to the Treasury. He said also that there was still "some further period before we reach the low point of the current recession."

Local councils hit back at Heseltine's penalties

BY LISA WOOD

LOCAL authorities selected by the Government for punitive treatment because of overspending yesterday called the measures "discriminatory" in their failure to recognise the particular problems of inner-city areas. Many of them will make official representations on the special cases.

They were among 14 authorities named by Mr. Michael Heseltine, Environment Secretary, Labour-controlled except on.

Mr. Heseltine said they would lose a total of £18.42m grant as a penalty for "profligate" spending this year and for their failure to make adequate attempts to meet Government targets.

This money is in addition to £300m to be withheld from local authorities in England and

Wales as a precaution against possible overspending on the 1980-81 budgets.

Some of the 14 yesterday discussed the possibility of a supplementary rate this year.

However, Mr. Jeremy Beadle, leader of Newcastle upon Tyne district council, said he would not seek such a rate and would make immediate representations to Mr. Heseltine.

It is judicious to penalise Newcastle and the Government should reconsider its action. If it will not, reconsider our case.

We will not have to scrap the Shefford district council, and Islington, London, will consider whether to go to the Minister to put forward their cases.

Camden, the authority worst affected, will lose £5.22m. It said it was impossible to absorb

Important oilfield off W. Ireland confirmed

By Ray Dafter, Energy Editor

BRITISH PETROLEUM has confirmed the presence of an important oilfield in the Atlantic about 100 miles west of Ireland.

The company, as operator for the BP/Aran group of eight exploration interests, said the second well drilled on the Porcupine Basin block 26/28 had found oil-bearing rocks of similar thickness to those discovered with the initial exploration well.

Tests on the latest well resulted in flow rates of 1,120 barrels a day and 370 b/d from two separate sections of the reservoir.

Some oil industry observers were disappointed that the flow rates were not higher. The first well, drilled last year, was tested at rates of between 579 b/d and 3,083 b/d.

Stockbrokers Wood, Mackenzie said it was not altering its original estimates of recoverable reserves: between 2,000 and 300m barrels.

A field of this size would have a marked effect on Ireland's energy balance and economy. The country's oil consumption is about 100,000 b/d—all imported.

BP said the latest well, drilled in a water depth of 1,220 feet by the rig Sea Conquest, was located towards the western edge of the geological structure. The geology was complex and that, as a result of faulting, the sandstone tested in the first well was not found in this latest well.

But the oil discovered is light and of high quality. Its specific gravity is said to be between 39 and 41 degrees API.

The exploration group plans further drilling operations.

Ulster plan for homes at 5p rent

By Our Belfast Correspondent

THE Northern Ireland Housing Executive is considering a scheme under which it could offer 3,000 "less desirable" public authority homes at a rent of 5p a week.

The major drawback for prospective tenants is that they will be responsible for major repairs and improvements. Grants and loans will be available but the executive admits that tenants will face a considerable challenge.

The houses involved are structurally sound and most have kitchens and bathrooms. They are spread around 27 housing estates but many of them are in areas which have been affected by violence.

Applicants for the homes will have to be on the housing list. The executive will offer a three-year lease, after which the tenants will have an option to buy at a minimum discount of 30 per cent or to stay on at a realistic rent.

A spokesman said: "We are looking for sturdy, self-reliant tenants who will be able to rehabilitate these houses, otherwise they are going to lie unoccupied for the foreseeable future. We hope it will help reduce the waiting list for houses."

A constituent said: 'Would you like to buy my bank?'

TO THE man in the street, European Ferries may be just another cross-Channel ferry company, albeit the largest independent operator in Europe. In the City, however, European Ferries has a different reputation.

It is regarded as an entrepreneurial operation. Its decision to buy Singer and Friedlander, a member of the Accepting Houses Committee, is characteristic of the way it likes to do business. Mr. Keith Wickenden, European Ferries' chairman, and Tory MP for Dorking happened to be talking to Mr. John Cooper, one of his constituents, and managing director of Singer and Friedlander, who asked whether he was interested in buying his bank.

Mr. Wickenden sees nothing strange in the alliance with Singer and Friedlander. He points out that companies such as P & O, and British and Commonwealth Shipping own banks/finance houses. But he notes wryly that none of them owns an accepting house—a member of the City's elite club of merchant banks.

Singer and Friedlander is pleased to be left independent. European Ferries sees benefits

yesterday. Within seven weeks of first talking to Mr. Cooper, European Ferries had finalised the deal.

Mr. Wickenden handled most of the negotiations because the other key man in the European Ferries empire, Mr. Ken Siddle, the managing director, had his hands full with the French fishermen's blockade of the Channel ports.

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Singer and Friedlander is pleased to be left independent. European Ferries sees benefits

make it a very suitable parent for a merchant bank.

The two key men in the organisation are Mr. Wickenden, the chairman, and Mr. Ken Siddle. Both are chartered

accountants, but there the resemblance stops. Mr. Wickenden produces the ideas (not all of which have been successful) and Mr. Siddle thinks them through.

Although European Ferries is still heavily dependent on shipping, its recent history has been characterised by a series of entrepreneurial moves which

enabled it to transform its balance sheet. A rights issue in 1975, followed by the takeover of English and Caledonian Investment Trust in 1977, reduced its gearing substantially, and enabled European Ferries to diversify first into ports (it bought Feliztoe in 1978) and then into property, which gave it a near monopoly position. Also, its main competition was the nationalised ferry service Sealink. Sealink is a well run company, but it has never had the commercial flair of European Ferries, and this enabled the latter to build up its market share rapidly. In 1985, European Ferries had one ship on the Channel. Today, it has over 20 ships.

Under Mr. Wickenden's chairmanship, European Ferries turnover has risen from £17m in 1971 to £171m last year and, over the same period, after-tax profits have jumped from £2.8m to £28.1m.

Initially, the stock market was sceptical of its progress. To buy its ships it had to borrow heavily, and its heavy gearing was a constant worry to the analysts in the early 1970's.

However, Mr. Wickenden has

managed to transform its balance sheet. A rights issue in 1975, followed by the takeover of English and Caledonian Investment Trust in 1977, reduced its gearing substantially, and enabled European Ferries to diversify first into ports (it bought Feliztoe in 1978) and then into property, which gave it a near monopoly position. Also, its main competition was the nationalised ferry service Sealink. Sealink is a well run company, but it has never had the commercial flair of European Ferries, and this enabled the latter to build up its market share rapidly. In 1985, European Ferries had one ship on the Channel. Today, it has over 20 ships.

Along the way, there has been the unsuccessful incursion into the air charter business via Invicta Airways and a brief flirtation with Furness Withy.

Generally, European Ferries' diversification moves have been a success.

Last year, the property side contributed £8.2m and the highly lucrative Denver deal is expected to contribute as much as £150m over the next 15 years.

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Representatives of the work forces of the other four yards in Scotland building structures for the North Sea met the Edinburgh stonewards in Edinburgh. Although no statement was issued after the meeting, it is understood they refused a request for sympathy strikes.

National officials of the two unions involved, the Boilermakers and the General and

Municipal Workers, met Chicago Bridge and Iron, the U.S. company which manages Hunterston on the Clyde, which has been threatened with closure, failed yesterday to get support for their dispute from other oil yards.

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Phillips told the unions yesterday that the yard had suffered from militancy and poor productivity. The company had little confidence that the Maurene jacket could be completed at Hunterston and was making plans accordingly.

Ayrshire Marine has been building the steel jacket for Phillips Petroleum's Maurene Field, but the contract is badly behind schedule.

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THE WEEK IN THE MARKETS

Equities battered by the enemy within

The equity market began the last week with innocent worries about the dock strike and the easier trend in gilt-edged, which have been consolidating the sharp rise of the last two weeks. After dipping below 500 again on the FT 30-Share Index equities had recovered to 507.4 by Thursday lunchtime, at which point a blow was struck by the enemy within, in the form of a dividend cut from Guest, Keen and Nettlefolds. When GKN leads others may follow, and yesterday the fall-out was still spreading, as the index headed back towards 490.

Gilt-edged meanwhile, having rallied in mid-week, were subdued yesterday and closed the week little changed on balance.

Chocolate changes

There has been a major change in the UK confectionery market during the last year or so, according to Sir Donald Barron, the retiring chairman of Rowntree Mackintosh. Volume changes in the industry used to be modest and predictable. Now they are anything but. At a time of high interest rates and uncertain consumer demand, retailers are desperately anxious not to get stuck with slow moving lines, and are changing their mind about the business outlook almost from week to week.

In the first six months of this year, Rowntree's sales volume fell by a full 6 per cent in the UK—better than the 2 per cent drop suffered by the industry as a whole, but still very painful at a time when the group is spending heavily on fixed assets and brand development. In addition, margins on sales in continental Europe—around a quarter of the group's total turnover over these days—have been wiped out by the strength of sterling and keen price competition.

The upshot of all this, reported on Thursday, was a 54 per cent slump in half-year profits to £4.3m pre-tax. Last year, the group traditionally makes the

bulk of its profits during the Christmas selling season—and at the moment the big retailers are not committing themselves to the likely level of orders. Their final decision will obviously have a major impact on the overall profits outcome.

City projections for this year's figures range quite widely between around £30m and £35m pre-tax. Last year, Rowntree made £40.4m, and in 1978 it hit a peak of £45m.

Things may be better next year. Cocoa prices are falling, which should help to make chocolate confectionery more competitive in the food stores. Any reduction in interest rates will be a big help, too, since Rowntree's interest bill this year could well be over £15m.

But the real benefit from the big investment programme is going to take longer to show through, and meanwhile Rowntree is just keeping its head down and slogging on.

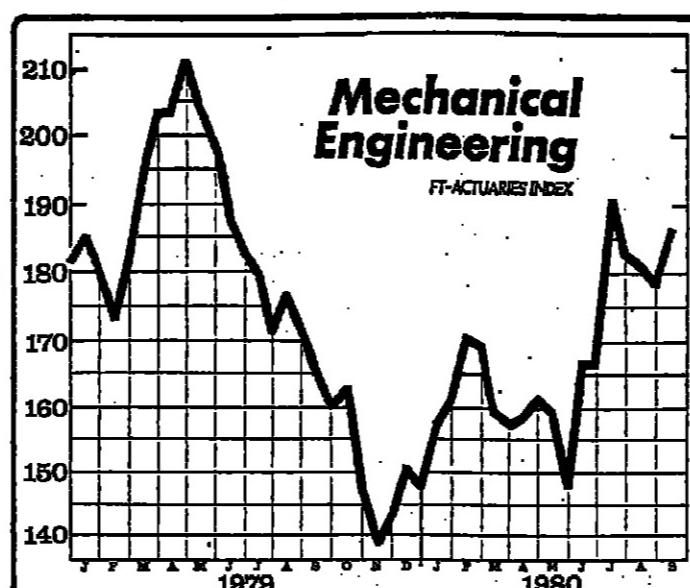
LONDON ONLOOKER

Chocolate changes

The market digested Dalgety's figures surprisingly well. Despite taking in a full eight months from Spillers, profits before tax crept ahead by just £1.8m to £33.8m. Earnings per share, based on average capital, slumped by 40 per cent.

Yet when Dalgety paraded these figures in front of the market the share price rose by 13p to 295p. Outside forecasts had been downgraded rapidly before the announcement to around £30m against the £50m canvassed at the time of the Spillers take over last year. So the price reaction was more a sign of relief.

The areas of disappointment include Dalgety's U.S. frozen food operation where customer restocking costs around £5m while Spillers contribution was



£2.4m in profits from the 22 per cent owned Morgan Grenfell merchant banking associate also helped.

The news brought the sparkle back to the insurance broking sector. At the beginning of this month the sector index had been barely outperforming the FT All-Share Index with a gain of 17 per cent over the preceding 12 months. Now, the insurance broking sector is 32.14 per cent up on a year-on-year basis while the All-Share has put on 21.6 per cent.

The gain in the last week was no less than 12.75 per cent. That was not enough, however, to match the annual performance of the composite insurance index which, after a small gain during the week, is now showing a 12 month advance of 43.82 per cent. Results from Eagle Star and Legal and General during the week underlined the optimism. Despite a somewhat patchy performance from the former, in which the liability business suffered a £5m loss, profits from both groups in the first half expanded by a quarter and the market is predicting that growth can be broadly held in the rest of the year.

Willis Faber

The market had every reason to believe that Willis Faber, the insurance broker, was going to be down at the half year end. Sedgwick, reporting in the week beforehand, was off by tenth and the strength of sterling coupled with soft premium rates in many areas had been taking its toll of brokerage income.

The omens, however, were proved wrong as Willis Faber produced a 19 per cent pre-tax improvement. The group has seen first indications of a strengthening of its major marine and aviation markets, but profits for the second half are expected to be no better than they were last year. An increase of nearly a third to

15 per cent of rights issue money last year.

All round, the High Street retailers have been under pressure but in UDS's case there are some specific problems. Part of its mail order catalogue operation, John Myers, produced a £3m loss in the first six months. UDS has already announced that it has finally given up battling with Myers and the business will be sold to GUS next January. Nevertheless there could still be above the line losses of £1m or so in the current six months.

Multiple shops meantime have also been in the doldrums. Richard Shops, the jewel in the UDS crown, was only trading at break-even and the men's and women's clothing business overall made a £2m loss.

The second half is always more important to profits and this six months will again be compared with an uninspiring performance. So the full year may look a little more encouraging but still profits will be well down on the £24m for 1979-80. That however is probably fully discounted in the market unless the second six months produces some very poor figures.

The stores analysts are already running their slide-rules over the next 12 months and making out a fair case for substantial recovery. The Myers losses will be absent and retailing generally could start to look a little brighter. If a recovery is in sight UDS may well hold its full year dividend this year for a yield of 13 per cent.

So far tight financial controls have kept the rise in GKN's debt to modest proportions. Borrowings were 40 per cent of shareholders' funds in June, not higher than in December, but in the remainder of the year the ratio will rise to 55 per cent or more.

The bulk of the cost of the group's rationalisation measures will fall in the second six months. Redundancy costs of at least £5m will be charged against profits, and termination costs of approximately £20m will be charged as extra ordinary items in the accounts.

The effect of the redundancy costs will certainly be to push the UK activities of GKN well into the red during July-December. So although the overseas operations are likely to maintain their earnings reasonably well, second-half group profits will be significantly lower than in January-June, the interim statement warned.

GKN's overseas performance has remained good partly because the recession is not so acute abroad, and partly because the group is reaping benefits from its strength in constant velocity joints and other transmission components.

The swing to front-wheel drive cars has boosted the demand for such products, and the recent replacement of Ford's rear-drive Escort model by a front-drive successor

shows that the trend has further to go.

GKN has ambitious plans, which are now coming to fruition, to carve out a slice of the U.S. market for constant velocity joints now that the U.S. car giants are turning to small, fuel-efficient front-wheel drive models for their domestic market.

The Sanford, North Carolina, plant has now begun production and should contribute to profits next year. A second and larger facility in Alamance County will be commissioned early next summer.

But in the meantime GKN has to grapple with its problems at home. The Midlands was buzzing this week with stories of still further cutbacks in original equipment schedules by car assemblers like BL and Vauxhall.

The destocking cycle will continue into the first half of next year, at which stage we might be able to make an assessment of where we are, Mr. Holdsworth says. "It will be March before we look at the final dividend."

Mr. Custis adds: "We are in as good a shape as we can be to batten the hatches down."

Certainly the share price is looking storm-tossed. It crashed by 30p or some 13 per cent on Thursday's news, and was weak again yesterday.

Barry Riley

A rush, but not quite a record-breaker

LIKE A Rossini overture, the latest rise in interest rates and New York stock market this week has wriggled up and down at such a feverish pitch that its dizzy movements at one stage on Thursday provoked a delay of as much as 17 minutes on the big board price quotation tape which simply could not keep up with the pace and volume of traffic.

In this sort of climate it seems records were bound to be broken. But somehow the market never gathered quite the momentum to make it.

The crescendo gathered steam on Wednesday in the seventh heaviest trading day on record when at the final bell the Dow Jones Industrial Average had climbed by 15.36 points—its sharpest rise in almost five months—to reach 961.26 within a shadow of its three-and-a-half year high of 966.72 reached last month in the first hour of trading on Thursday it continued to climb advancing by an additional 6 points to 967.49.

But it was unable to maintain this new three and a half year high and by the end of the day

the Dow tumbled after the initial euphoria. It looks as if the Dow is still stuck at the mid-900 mark and cannot quite get up the energy to move closer to the magic 1,000 level.

This seems to suggest that Wall Street continues to have mixed feelings over the extent of the recovery in U.S. business activity.

While the market had earlier been encouraged by further signs of recovery in the economy with a Government report showing a 12 per cent increase in August housing starts over July and forecasts of real GNP growth in the fourth quarter.

Burnmah's problem is that it cannot use its allowances and accumulated losses within the UK to offset against Thistle Field, which helps to explain why a dividend costing only £2.2m was not increased. Profits before tax will almost certainly be up for the full year but the higher tax bite should produce a lower attributable figure.

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While the market had earlier been encouraged by further signs of recovery in the economy with a Government report showing a 12 per cent increase in August housing starts over July and forecasts of real GNP growth in the fourth quarter.

The Dow has been kept down upon it because of fears that third quarter corporate earnings might be worse than expected coupled with concern over the recent rise in interest rates further reflected yesterday by the decision of several major U.S. banks to adjust upwards again their prime lending rates by a quarter percentage point to 12.5 per cent.

Nonetheless, considering the

market's virtual ignoring of the rail stocks, a group virtually ignored by Wall Street at the beginning of the year, their recent gains have helped push this week the Dow transport average to a new record high of 345.91. Leaders in the field have been such as Union Pacific, now in the mid-50s, Santa Fe Industries, edging towards 70, Seaboard Coast

NEW YORK

PAUL BETTS

Line, nearing 50, and Missouri Pacific, close to 75.

A series of factors appears to be behind the latest rally in rail stocks. Among these, are signs that the deregulation proposals for the industry now appear to be back on the rails while there are growing prospects of a surge in profits from coal hauling. Moreover, many of the big railway companies are now part of groups with substantial and attractive interests in natural resources.

But one curiosity in this

sector this week has been the

in which GM, the Chicago-based rail and natural resources company, has rolled

in on Wall Street despite

announcing last weekend it was

abandoning a proposed \$1.2bn

merger with its old rival from

San Francisco, Southern Pacific,

which would have created one

of the largest railway networks

in the U.S. covering 25,000 miles.

Traditionally stocks tend to

bounce up when mergers are

proposed and decline when such

proposals are called off. But in

the case of Santa Fe, the market

never seemed all that enthusiastic

over the ambitious merger

proposals first announced last

May. Indeed, at that time Santa

Fe stocks dropped.

For their part, auto stocks

were up again, Ford up 1.11

Tuesday 945.98 + 8.27

Wednesday 961.26 + 15.36

Thursday 965.48 + 4.78

Still in the land of smiles

SPARKLING PROFITS may have all but fled from the company news scene these days, but they are still to be found in the mining industry. It remains in good heart with the exploration teams as active and optimistic as ever, although the smiles have become a little forced as far as the producers of some base metals are concerned.

Still, the share market has found plenty to smile about this week in the results announced by two of the majors, Rio Tinto-Zinc and Consolidated Gold Fields, and has been undimmed at the confirmation that RTZ is to make a mammoth £126m offer of convertible loan stock.

Shareholders are being offered £1 of the stock at par for every two shares held. It will pay interest at 8½ per cent per annum and is redeemable between 1985 and 2000. The stock also carries the important right for a holder to exchange £100 nominal of stock for 20 shares in RTZ during the month of June in the years 1984 to 1996 inclusive.

In other words, a holder of say, 200 shares in RTZ is being offered £100 of loan stock which, from 1984 onwards, he will be able to exchange for 20 RTZ shares. This means that he will then be paying the equivalent of 50p per share. Well, he can buy them in the market now for less than that.

But if he does, the annual return on them at the present price is about half that offered on the loan stock. The share yield may rise with dividends over the next four years but dividends are unlikely to increase much until we are out of the present economic recession. Furthermore, the share price could well ease in the meantime.

If, like me, you believe that RTZ is one of the best long term natural resource investments and that its earnings and share price will eventually advance strongly, the loan stock will allow you to sleep at night in the meantime and still get a reasonable return on your money.

But in the meantime RTZ will certainly be to push the UK activities of GKN well into the red during July-December. So although the overseas operations are likely to maintain their earnings reasonably well, second-half group profits will be significantly lower than in January-June, the interim statement warned.

GKN's overseas performance has remained good partly because the recession is not so acute abroad, and partly because the group is reaping benefits from its strength in constant velocity joints and other transmission components.

The swing to front-wheel drive cars has boosted the demand for such products, and the recent replacement of Ford's rear-drive Escort model by a front-drive successor

paid in the controversial dawn raid in February which netted De Beers and Anglo American Corporation a 25 per cent stake in Gold Fields.

Everybody expected good results from Gold Fields, in view of the fact that about half the group's net profits are provided by South Africa's booming gold industry. But the interesting thing is that the other interests such as construction materials, mineral sands and base metals have also done very well.

What of the current year's prospects? The group seems better placed than other mining finance houses to weather the recession thanks to its gold revenue, the outlook for which seems favourable, while Tasmanian tin should continue to be a money-spinner. In fact the chairman, Lord Erroll, could be optimistic at the meeting at the Dorchester Hotel on November 12.

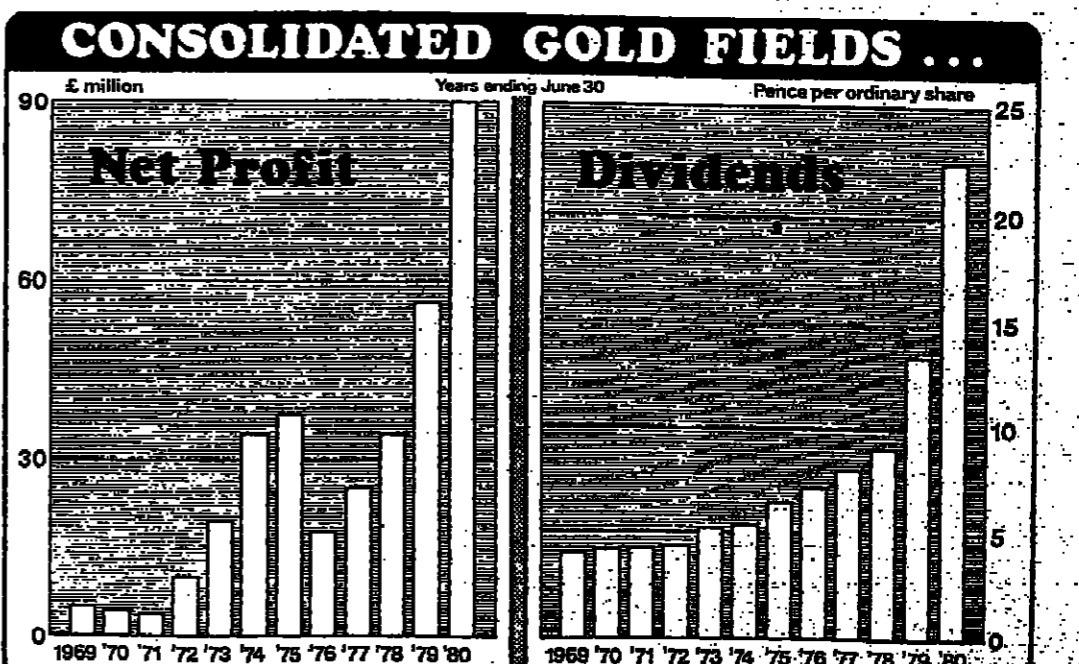
Gold shares had one of their best days ever this week when a general demand caught the market short of stock and share prices responded accordingly, lifting the gold mines index to a new peak. The bullion price, however, has remained firm but has not provided any special excitement.

There is a general feeling of confidence about the outlook for bullion and this is shared by stockbrokers Laing and Cruckshank who have been courageous enough to put forward their view of prospects for as far ahead as 1984. While others have been talking of "sky's the limit" prices, the brokers take a much cooler line and anticipate an era of much greater price stability.

They look for an average level of around \$670 per troy ounce for the rest of this year.

Now, despite the efforts of Washington, the metal has at last been welcomed out of the cold and dressed in respectable garb, gold has to accept the degree of responsibility that goes with it and not act like the yo-yo price of a penny exploration stock. The stability theory of Laing and Cruckshank may have an unexpected supporter in the shape of the Soviet Union. We shall have to wait and see.

CONSOLIDATED GOLD FIELDS ...



FINANCE AND THE FAMILY

No dealer in shares

BY OUR LEGAL STAFF

I am retired (over 64), am within the standard tax band (just) and am an active investor on the Stock Exchange. At what stage, if any, am I liable to be classified as "in the business of dealing in shares for tax purposes"?

The possibility of being assessed to income tax (under case I, of schedule D) is extremely remote. So long as you take delivery of stocks and shares in a significant proportion of your transactions, you really have nothing to worry about.

You should, of course, bear in mind the bondwashing provisions (in section 30 of the Income and Corporation Taxes Act 1970, as amended) and other legislation aimed at tax avoidance.

Interest in Irish company

I recently bought some loan stock of an Irish company, and have just been paid my first interest. Can I claim back the tax which has been taken off in Ireland? Shall I have to pay some UK income tax on this interest?

The Irish tax is repayable, under article 12 of the Ireland-UK double taxation convention of June 2, 1976. The necessary

claim form is obtainable from the Inland Revenue Foreign Dividends Office, Lynwood Road, Thames Ditton, Surrey, KT1 0DP. The Irish interest is fully taxable in the UK. All UK tax assessments on Irish income are on the current-year basis (unless assessments on untaxed income arising elsewhere overseas or in the UK).

Determination of a trust

Under the will of a person who died in England in 1935, there were a series of life interests in the residue of his estate, after which it passed to my father's four children in equal shares absolutely.

After the death of the last surviving life tenant the estate was duly liquidated and distributed by the trustees to the four remaindermen, with the exception of a piece of freehold property in England which was subject to a lease.

Would there be a liability to capital transfer tax? If the trustees refused to wind up the estate, could I demand it? If or where the property is sold, what would be my position with regard to the capital gain which would arise on the sale price, which would

exceed the final probate value on the death of the final life tenant some ten years ago?

You can demand that the trust be determined and the asset sold so as to enable each of the four beneficiaries to take his capital share. We think that capital transfer tax would be payable on a realisation and distribution. Capital gains tax is chargeable assessed as at the date of the death of the last life tenant, but (in your case as being non-resident) not on any subsequent increase in value.

control by reason of the need to have a party wall award under the London Building Acts (Amendment) Act 1939.

Adverse possession

When my house was built, the builder left a strip between the front boundary and the road surface, in case the

A London party wall

When we brought our London mews house, we and the other owners were not informed of a grant of a right of way by the developers in 1961 through our courtyard to a prospective garage for the owners of the house at the back, provided the garage was built within 20 years. This involves demolition of part of the courtyard wall. We all object to this. Is there any way of stopping it?

The easement should appear on the title (Charges Register) of the courtyard. We can see no basis for preventing the proposed work, although it may be that the wall is a party wall and you may thus have some

out of date. The revised version of paragraph 20 is not so vague:

"Furnished Lettings — 20. Income from letting furnished accommodation where the landlord does not carry on a trade connected with the letting will normally be assessed under Case VI, without a separate Schedule A assessment on the part representing rent; that is, without distinguishing the amount attributable to the use of the property from the amount attributable to the use of the furniture. In arriving at the Case VI assessment deductions would be allowed for expenses of maintenance, repairs, insurance and management, and for rates, head rents and other periodical payments (other than mortgage interest or bond interest) for which the landlord is liable in respect of the premises which are let. An allowance of 10 per cent of rents received (less the occupier's rates where an inclusive rent is payable) may be claimed to cover wear and tear of furniture etc. as an alternative to the cost of renewal."

The answer to your final (substantive) question is no. On the assumption that you are regarded by the Inland Revenue as neither resident nor ordinarily resident in the UK for the year in which the sale contract is signed, you will be exempt from capital gains tax.

Your copy of booklet IR27 is

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Council adopted the road and put in a pavement here. I have taken over the strip and included it in my garden for over 12 years. Can I now claim it as mine?

The strip will have been acquired by your adverse possession over 12 years even if it was not in your original paper title, provided that the inclusion within your garden was made apparent e.g. by fencing it off.

Time to look at the real worth of a home

INSURANCE

JOHN PHILIP

Insurers, somehow, have to get sufficient premiums to pay for these claims: each household has to make his contribution to the fund, and if the premium rating yardstick of total reconstruction cost were to be replaced with that current market value, then the standard rate of 15 per cent would have to be increased to bring into insurers' funds the amount of premium required, firstly for the vast bulk of home claims, and secondly for the few total losses.

More insurers are rating up homes in high crime areas

Wooden homes, houses with thatched roofs and so on are charged higher rates. In the contents field more and more insurers are rating up homes in high crime areas.

In theory, most policyholders accept this differential rating and support the view that the greater risk should attract the larger premium, but when in practice insurers ask for a higher rate of premium at renewal—as many are now doing as part of a general review of contents rates—the cry goes up "Why me?"

Insurers who analyse their household contents business by computer are sure that there is ample statistical justification for charging the resident in the Surrey stockbroker belt 50, 60 or even 75 per cent, according to his precise location, in contrast with their normal 30 per cent for contents cover in non-hazardous areas.

Anyone who asks "Why me?" has only to look at the crime reports in his local paper, and to have a word with his local crime prevention officer, to get confirmation of insurers' statistical work.

Differential contents rating is now inescapable—in some degree. The individual policyholder, faced with a substantial increase in premium rate, may be able to find another insurer who is not at present imposing the same increase. While there is a general movement on differential rating by no means all insurers are in step.

So the individual policyholder may be able to alleviate his premium increase this year, even next year—but sooner or later his new insurer will surely move prices upward. The saving is a short-term and must be balanced against the loss of goodwill that long-term policyholders enjoy with longstanding insurers.

OVER THE past few weeks I

have had a number of complaints about the index-linking of sums insured and, therefore, premiums under home building policies—and many of them centre on the age old argument about market value and rebuilding costs.

In many parts of the country, there are many more sellers than buyers. If this situation continues, the market values of many homes may get substantially out of step with their total rebuilding costs—though this is not likely to happen for some time for the owners of post-war homes, or even of many of those built in the 1920s and 1930s.

However it is clear that present economic conditions have exacerbated the problem which has always existed where older property is concerned—particularly Victorian-Edwardian inner town houses, which may cost two or three times their market value to rebuild.

Why should home owners insure for the cost of rebuilding when, in the unlikely event of a home being substantially damaged or destroyed, an owner should be able to buy another similar one for less money than the builders will want to reinstate?

The answer—which does not involve disgruntled policyholders—is that the substantial damage/total destruction claim is the rare exception, not the general rule. The vast majority of home "buildings" claims for fire, subsidence, impact, weather are relatively small, in spite of continually rising repair costs, on average, across all classes of damage and all kinds of property, still below £500 a time.

It is primarily against the real risk of such relatively small claims that we all pay our premiums—the chance of making a major total loss claim, is for all of us a minimal possibility. In providing home insurance cover, as with all other classes of business, insurers have regard to the hazards of the individual risk. In the bulk handling of tens of thousands of policies they strike broad averages. On the building side they apply their standard rate to homes of "standard construction"—built of brick or stone, with tiled or slate roofs.

A change of yardstick might involve redistribution of premium payments but so long as house building costs continue to move with inflation, it is inescapable that we shall all pay more premium at each renewal for our buildings cover, whatever rating yardstick is used by the insurers.

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In the individual policyholder

YOUR SAVINGS AND INVESTMENTS

New financial backing for entrepreneurial executives was announced this week

Invest in yourself

NEW SUPPORT for key managers wishing to buy a stake in the business they run was announced in London this week. Seven major British investing institutions, including two groups of investment trusts, have formed a new company, Candover Investments, which will provide financial packages for individuals and management teams anxious to "go it alone."

Candover, whose chief executive is former E&L managing director Mr. Roger Brooke, expects to provide cash for three types of deal:

- Where large groups want to invest.

- Where shareholders of private companies want to sell all or part of their holdings.

- Where quoted companies are for some reason valued in the market consistently below their intrinsic worth.

Candover will be on the lookout for managers needing roughly £5m or more.

The idea is then to give managers the chance to buy a significant share of the equity at a price within their means, thereby building in a powerful incentive for commercial and financial success.

Candover, however, is not unique. Although management "buy outs" are more widespread in the U.S., a number of UK institutions already have expertise in this field.

The last five years have seen a growing demand for what are known as "management buy-outs". At the beginning of the 1970s corporate diversification was generally the name of the game, as many large companies acquired new interests, often unrelated to their basic business, with a view to securing a financial cushion when their more familiar markets turned down.

But the results have been far from satisfactory in many cases. And as the financial squeeze tightens on the corporate sector, a growing number of major companies are seeking to con-

centrate on their mainstream business, and selling off their peripheral activities.

Features of most "buy outs" are major capital restructuring, high gearing and some sort of board representation for the backer. Usually the financial institution puts up most of the cash (largely in loan capital) but takes a disproportionately small percentage of the equity.

The Industrial Commercial and Financial Corporation (ICFC), is probably the leader of the field at least at the small and medium ends of the market. Last year it arranged 49 deals involving £1.6m and the signs are that this total will be surpassed in 1980.

In the present economic climate there are a lot of companies looking around for small relatively unprofitable subsidiaries which they can easily sell off for cash," Mr. Robert Smith, ICFC's business development manager, says. "For some reason, perhaps because of group management charges and group overheads, the big company can't make it pay." Freed from these restraints, the managers can usually do much better on their own.

ICFC always arranges deals where the management team owns more than 50 per cent of the shares. Commonly, for example, it will lend 80 per cent of the money and only take 30 per cent of the equity. Obviously, all backers like to feel that the managers have a firm commitment to the future of their business, though ICFC says that large amounts do not necessarily have to be found by individuals.

Mr. Smith quotes the case of one manager who put up £12,000, against ICFC's contribution of over £200,000. Occasionally, suppliers or customers

ing more private clients. Celebrating the initial response to Money Care of £1m in new money to manage, Capel-Cure this week announced that it is planning to repeat its efforts early next year, stressing new services such as traded options and self administered pension funds.

Money Care, says Capel-Cure chairman Mr. Andrew Hugh Smith, covered its costs at a relatively early stage and shows

that there are a substantial number of individuals looking for all round financial advice.

The message to other stockbrokers is simple—there's still money to be made from private client business.

Coincidentally, or perhaps not, Hoare Govett, another major London firm, is putting the finishing touches to a similar campaign to be launched later this year. In doubt at the moment is just how much money the brokers are willing to spend.

Hoare's attack on the private client market will be spearheaded through its subsidiary Hoare Govett Unit Trust Advisory Services (UTAS), which manages about £5.6m of private client money through a wide variety of unit trusts.

ESG gives the example of a pop star who hits the big time at 25 with earnings of £100,000 per annum, increasing at a rate of 10 per cent per annum until year 10 and then decreasing at a rate of 10 per cent in his twilight years before retirement.

For net contributions after tax relief of £127,271 over the period, the individual can look forward to committing a tax free lump sum at age 40 of £137,056 and receiving an annual income for life of £51,777. If such riches perchance lead to an early and ignominious end, his widow will still be £34,518 better off. A lump sum of £400,000 covers death in service before retirement.

Pop stars, however, are not alone in enjoying the privilege of early retirement. Anybody, in fact, who feels he or she has a strong enough case can appeal to the Superannuation Funds Office of the Inland Revenue for special treatment.

According to Midlands-based insurance brokers Pointon York, much depends on whether you join an occupational or self employed pension scheme.

Fooballers in an occupational scheme, for instance, can take the benefits of a pension when they hang up their boots at 35, but if self employed, they have to wait till 50.

It is worth remembering that the Inland Revenue has become more relaxed recently about allowing early retirement in special cases.

Other groups which already have agreements if self employed include air pilots (55), croupiers (50), distant water trawler skippers (55), free swimming divers (55), inshore fishermen (55), jockeys (50), moneybroking dealers (55), motor racing drivers (50), newscasters (TV) (50), professional boxers and professional dancers (50), wrestlers (50), and psychiatrists who are also maximum part-time specialists employed within the National Health Service solely in the treatment of mentally disabled patients (55).

Stockbrokers, as Capel-Cure pointed out a year ago, still have a stuffy image and it is no bad thing that one or two are moving down market to appeal more directly to investors. But they are not doing it for charity. From being very much a poor relation, private clients have become the stockbroker's best friend in the last year or two.

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"Any scheme that would persuade them to quit early has got my vote."

When the music stops

POPSHORT short of a lyric could well start singing the praises of the taxman. For the Inland Revenue, it appears, has added a new interpretation to the old saying "Life begins at 40."

Most people in this country are legally required to wait until 60 before they can enjoy the fruits of an occupational or a self employed pension scheme. Men have to wait until 65 for a state pension. But a number of special groups—among them footballers, pop stars, newscasters and certain types of psychiatrist—are officially allowed to retire early.

Certain aspects of these jobs—strained vocal chords, fading sex appeal, or the pressures of addressing millions of TV viewers every night, perhaps—have presumably convinced the Revenue that some people are not capable of lasting the whole course in their chosen callings.

Earlier this week a Jersey-based company, The European Services Group (ESG), which is associated to the giant music company EMI (now part of Thorn), announced details of a new scheme designed to take advantage of these rules.

The ESG Deferred Income Plan claims to offer both a tax efficient means of saving and a way of providing for such "premature" retirement. To qualify for the scheme, of course, you need to be a proper "pop star" not just a run-of-the-mill "conventional artiste" who like the rest of us is expected to keep going till 60.

Furthermore, in order to make the plan work, the lucky star has to find a willing employer.

The Deferred Income Plan is no more than a somewhat esoteric group pension arrangement.

ESG gives the example of a pop star who hits the big time at 25 with earnings of £100,000 per annum, increasing at a rate of 10 per cent per annum until year 10 and then decreasing at a rate of 10 per cent in his twilight years before retirement.

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It is worth remembering that the Inland Revenue has become more relaxed recently about allowing early retirement in special cases.

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Switching and with-profits

A FEW weeks ago, we compared the investment performance of conventional with-profit and unit-linked pension contracts for the self-employed, based on the annual survey by the magazine Money Management.

This provoked two responses from readers. One group stated that the virtues of unit-linked contracts were not sufficiently emphasised, while the other condemned unit-linked out of hand as being far too speculative.

The second response highlights the feelings of many self-employed. While prepared to take risks in their business ventures, they are not prepared to do so with their pension. For them, investment guarantees are all important.

Abbey Life has met this need by offering a very sophisticated form of guarantee on its contract. Under the plan, the company guarantees the interest earned each year on the original investment and the return of capital at the pension age—the rate of interest guaranteed depending on current market conditions and the age of the investor.

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UNIT TRUST AND INSURANCE OFFERS

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BOOKS

Logan's Quaker folk

BY PETER QUENNELL

Remarkable Relations: The Story of the Pearsall Smith Family
by Barbara Strachey. Victor Gollancz £9.95, 351 pages

As we know from Henry James's early novels and from many other sources, high thinking, plain living and passionate religious feeling were particularly characteristic of American civilisation during the second half of the 19th century. Take, for instance, an orthodox Quaker couple, Robert and Hannah Pearsall Smith, resident at Philadelphia. Of her devout husband Hannah once observed that "he says he never passes five minutes without considering what will be the right and most improving way of spending it"; and she herself, though a little less orthodox—she had refused to wear the Quaker "Suzarscoop Bonnet"—was equally righteous and determined.

Both of them were ardent, impulsive characters; and, when they found that taciturn Quaker worship did not afford them all the emotional relief they needed, they presently began to attend the ecstatic "Holiness Meetings" of the Methodists, at which Hannah shed "floods of delicious tears" and enjoyed some of the happiest moments of her whole existence. Robert's emotions were no less blissful; but unfortunately he failed to distinguish between spiritual bliss and its physical equivalent, and often translated the union of Christ and the soul into terms of human love-making.

Gossip spread, until Hannah grew alarmed and felt obliged to warn him against "the petting of thy kind young deaconesses," the favourite disciples he collected; and, on a visit to England, the exciting

doctrines he preached and his amorous behaviour towards a certain Miss Hattie Hamilton, author of *How to Enter into Rest*, were publicly denounced by his worried brethren as "most unscriptural and dangerous." Hannah bravely defended him, "even (she wrote) if the unsanctified part of thee has got the better of thee." But he was now a fallen prophet; and, when his daughter Mary married Frank Costelloe, a promising Anglo-Irish barrister, and Hannah, in 1888, moved her family across the ocean, he willingly accepted exile.

Despite Robert's fall, and the fact that he eventually consigned himself with a "polished female friend," Hannah did not lose her zest, and remained an energetic philanthropist—she was especially fond of championing distressed wives—and a puissant matriarchal figure.

Lady Strachey was sitting by the fire warming her stockinged feet and reading the last novel by Stevenson. She hardly looked up from her book to greet me... She just said, "Well, Ray, there you are..." It was the same when the two boys, James and Lytton, came in to dinner. They scarcely noticed me, but went on talking of their own affairs while... Lady Strachey propped her book against the tumbler and went on reading.

Later, Ray struck up a warm friendship with Virginia Stephen, Vanessa Bell, their brother Adrian and Duncan Grant. They had sat, she reported, "in anything but gloomy silence; in fact we talked continuously of diseases and shipwrecks and other such frivolous topics. Then we somehow fell to making noises at the dog, and this awe-inspiring company might have been seen leaping from chair to chair

vivacity and was evidently attractive. In 1894 Alys married Bertrand Russell, then an innocent and inexperienced young man; and Mary, already married, fell in love with Bernhard Berenson, still an ambitious Jewish art-student, and wedded him after Frank Costelloe's death.

Remarkable Relations is a highly interesting and entertaining survey. The Pearsall Smiths themselves are a good subject; and, since they were eventually connected by marriage to the Stracheys and the Stephens, they played a significant part in the long Bloomsbury saga. The story includes some vivid glimpses of the Strachey clan at their huge and hideous London house. Mary's daughter, Ray Costelloe, who was to marry Lytton's younger brother, Oliver, thus describes an early visit:

Lady Strachey was sitting by the fire warming her stockinged feet and reading the last novel by Stevenson. She hardly looked up from her book to greet me... She just said, "Well, Ray, there you are..." It was the same when the two boys, James and Lytton, came in to dinner. They scarcely noticed me, but went on talking of their own affairs while... Lady Strachey propped her book against the tumbler and went on reading.

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One of the drawings from "Henry Moore's Sheep Sketchbook" with comments by Henry Moore and Kenneth Clark (Thames and Hudson £8.50). The artist began drawing sheep in 1972 when his studio at Much Hadham was filled with preparations for his Florence retrospective and he has been continuing ever since.

Fiction

Himalayan heights scaled

BY MARTIN SEYMOUR-SMITH

The Heights of Rimring
by Duff Hart-Davis. Cape, £5.95, 332 pages

Missing Person
by Patrick Modiano. Translated from the French by Daniel Weissbort. Cape, £5.95, 159 pages

Image Bird
by Nicholas Mosley. Secker & Warburg, £5.95, 185 pages

Who's On First?
by William F. Buckley, Jr. Allen Lane, £5.95, 276 pages

written with intelligence and verve.

Patrick Modiano's *Missing Person* won the 1978 Prix Goncourt. Set in the Paris of the 1930s and 1940s, it is an attempt to cross the arid and now jaded modernism of Robbe-Grillet with the never-fading vividness and psychological exactitude of Simenon. But the debt to Simenon remains unpaid; that to Robbe-Grillet is all too stiffly obvious—and over-paid with added bonuses.

Its subject is a man's quest for his own identity—one he lost during the days of the German occupation of Paris. He has been—it is scarcely credible in view of Robbe-Grillet's *The Erasers*—a private detective. Hackneyed though the subject is, it could still be fruitful in the hands of a writer who had anything to say. This writer seems more intent on dealing with the question of whether identity exists... It would, I must emphasise, take a real story to make any meaningful statement about this. *Missing Person* reads to me like a patchy pastiche written in a thin mist. Why it was thought deserving of a prize astonishes me. Whenever it seems as though the narrative might become interesting, Modiano lapses into a self-consciously mannered "modernist" prose, which is supposed to be exquisitely subtle but which is in fact exquisitely boring.

Other novels by this author have been better, though not in my view outstanding; this one is a sad failure. If only, like Duff Hart-Davis, he had sat down to write an "ordinary" thriller...

Nicholas Mosley has at least the distinction of being one of Great Britain's best known and most stubborn experimentalists. His integrity shines through his work like a beacon on a dark night. And, for the most part, it is a dark night: few if any readers know what he is on about. That *Image Bird* is on six of a planned series of interlocking novels must fill not only ourselves but surely the publishers with some dismay. Alas, Mosley, although intelligent and serious (earnest is perhaps the better word), has no sense of humour. He

reminds one of that admirable Modiano's *Missing Person* won the 1978 Prix Goncourt. Set in the Paris of the 1930s and 1940s, it is an attempt to cross the arid and now jaded modernism of Robbe-Grillet with the never-fading vividness and psychological exactitude of Simenon. But the debt to Simenon remains unpaid; that to Robbe-Grillet is all too stiffly obvious—and over-paid with added bonuses.

All the characters in the book seem to be either mad or extremely neurotic; they are Trotskies, pop singers, television celebrities, establishment figures, and so forth. They all seemed to me to be incredibly tedious, and while I could appreciate the author's knowledge of... probably... every technique that ever existed to help the neurotic and insane I could not help feeling that he was himself somewhat confused by the desperately boring characters he has created. I feel deeply ashamed about having this reaction, for I was among those who praised Mosley's earliest novels. But there is real, golden earnestness here, and great intelligence: I think this author should be tried out, since others may feel quite differently.

William F. Buckley's new thriller is set in the 1950s, and poses a situation that did not in fact exist. At one point Jean-Paul Sartre not only denounces the Communists but cancels his membership of the Party. Clearly fiction, then, for of course he was never a member of the Party.

The starting-point is the Russian invasion of Budapest. From then we depart from history, although sometimes veering quite closely to it again. I do not think the author shows much wisdom or knowledge about what was happening in the 1950s, though few will quarrel with his evident hatred of the Russian Government. But as an exciting thriller *Who's On First?* fulfils its function admirably—and many will enjoy the fashionable veneer of cynical sophistication with which the author covers his passionate if not very precise political notions.

On with the new

BY REX WINSBURY

Goodbye Gutenberg
by Anthony Smith. Croom, £8.50, 367 pages

On the contrary, it's Hello Gutenberg, who would have been the first to recognise and exploit the new electronic media for text and information distribution that are at the heart of Anthony Smith's searching arguments about the next phase of newspaper development. It was a historical accident that paper was, what was available to Gutenberg to distribute the words he created in type, and it is by the same historical accident that printing is now firmly but erroneously identified with printing on paper.

But the truth is that there is no necessary connection between the two, and the spread of other means of text display, for example on video screens via computer networks and telephone lines, is more properly to be seen, not as a rival or substitution, but as a natural evolution and extension of traditional methods. If there is a rivalry, it lies in the minds of men who have created institutional structures and attitudes that are too rigid to cope easily with such changes.

If I make much of a catchy but (in my view) misleading title, it is to emphasise the otherwise first-class discussion that this book contains of the phenomenon of the newspaper and its past and likely future.

Based mostly upon the experience of the American newspaper industry, and therefore to be approached with some "sizing off" by British readers, the book provides an excellent analysis of the relative virtues of the so-called "new media" in relation to the old, and of the sort of adjustments that they may force upon the newspaper format.

Prudently postponing the real impact of such systems as videotext and videotex until the 1990s rather than the 1980s, but recognising that the impact they may be substantial, Smith correctly points out that the style of these screen-based systems is in many ways the antithesis of the newspaper. Newspapers tend to aggregate readers by bringing together many different topics and interests within one set of covers, whereas the new electronic media enable the user to be selective, to choose his own time of "delivery" and to ignore that vast and growing mass of information that is not directly relevant to him or her self.

Where the new media, in my opinion, will have the most impact, is by breaking down the existing industrial structure of the publishing industry, by opening up the field to new entrants and new challengers, many of whom may be powerful companies in other related fields, and by bringing on to the scene new trade unions as well as new sources of funds and new ethical and editorial rules.

Thus new technology will recreate the competition within the newspaper industry which was largely lost during the massive wave of closures and mergers of the 1950s and 1960s that created the local monopolies now characteristic of most cities in the UK, US, and Western Europe. Some will see this as a classic economic rather than purely technological mechanism at work.

Smith has produced easily the best guidebook so far to the new publishing landscape, perhaps a bit over-sociological for the taste of many professional newspaper managers, but profound and provocative. Available only on paper.

Dhow trip

The Voyage of the Mir-El-Lah
by Lorenzo Ricciardi. Photographs by Mirella Ricciardi. Collins, £7.95, 238 pages

The oil riches of the Middle East have virtually killed off the dhow, one of the oldest sailing vessels known to man. The owners of dhows still trading often cut down the masts and rely solely on a modern engine, such as the plentiful supply of cheap fuel.

Lorenzo Ricciardi, determined to savour the romance of a vanishing era, bought his own dhow and sailed from the Sharq el Arab to his home in Kairouan. He raised the money for the enterprise as only a romantic could, by gambling in a Swiss casino.

Unfortunately he seems to have relied on his Japanese engine a lot more than on the latest sail. Consequently, engine breakdowns and fuel stops intrude a little too much into the romance of the voyage.

But his enthusiasm for the Mir-El-Lah and the world of dhows is infectious, as is his cheerfully irresponsible attitude to authority, which leads to brushes with the Iranian secret police and a spell in a Yemeni prison.

Lorenzo Ricciardi's photographs, wife Mirella, after whom the dhow was named, have provided many stunning pictures of their travels in both colour and monochrome. They outside her husband's work.

DAVID BLACKWELL

Crimes coming home

BY WILLIAM WEAVER

The Poisoned Orchard by Ursula Curtiss. Macmillan, £5.50, 185 pages

Sarah is beautiful, competent, intelligent. Beside her, Fen—her cousin Frances, who has been brought up with her—might have seemed drab and awkward; but even in childhood, the ugly stepsister developed a successful defence. She became a clown and, willy-nilly, Sarah was turned into her

straight man. The beauty was nullified, made boring. But Fen was more, and worse than clever. Having won Sarah's fiancé away from her, the kooky Fen began to betray a sinister aspect. Ursula Curtiss fashions a successfully venomous character, but Sarah—in her reluctance to give credence to the full horror—is also convincing as well as appealing. The deftly put together story unfolds against a suitably everyday background of house-

cleaning and cooking and telephone calls. The quotidian setting makes the evil all the more gripping.

The Whispering Knights by Gladys Mitchell. Michael Joseph, £5.95, 183 pages

Fans of Gladys Mitchell—and they are numerous—will not want to miss this latest in the long series of adventures of the psychiatrist sleuth Dame

Beatrice Lestrang Bradley and her secretary Laura Gavin, with whom she trades literary references as usual. The fact is, however, that this is a rather perfumery performance. The exotic settings—prehistoric stone circles and chambered tombs—outshine the characters. The story is recounted with a great deal of to-ing and fro-ing; and there is evidence of haste not only in the plotting but also in the repetitive prose.

A FINANCIAL TIMES SURVEY

VIDEO EQUIPMENT

November 12 1980

The Financial Times proposes to publish a Survey on Video Equipment. The provisional editorial synopsis is set out below:

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FINANCIALTIMES
EUROPE'S BUSINESS NEWSPAPER

The contents, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

Hitler yet again

BY ZARA STEINER

Hitler
by Norman Stone. Hodder and Stoughton £6.95, 185 pages

It was inevitable that there should be another book about Hitler. Like Napoleon, the German dictator continues to fascinate and elude writers and readers alike. The debate about his rise to power and triumph in a democratic, highly industrialised and intellectually sophisticated society will undoubtedly continue beyond our lifetimes.

It was to be expected, moreover, that with the passage of time, a gap would develop between the image of the man known, experienced and remembered by his contemporaries and the figure who emerges from the archival reconstructions of post-war historians. Norman Stone has brilliantly illustrated the contrast between the "Nuremberg Hitler" and the Nazi leader and state portrayed by present-day historians. In a short book aimed at a broad readership, Mr. Stone has underlined many of the most startling but also some of the most interesting revisions of the past two decades. Those familiar with the work of Fest, Taylor, Irving, Klein, Milward and a younger scholar currently publishing, Richard Overy, will find themselves in familiar territory. The more general reader may have a number of surprises.

A great deal of what Norman Stone writes is based on solid evidence and argument though

brevity and a certain wish to shock has led to some misreadings and debatable conclusions. Hitler lied about his own background; he was neither born poor nor was he ever a house painter. He and his ideology were surprisingly commonplace and banal. His party, which polled only 2.5 per cent of the vote in 1928, did become the largest party in the Weimar Republic in 1932. Mr. Stone is entirely right when he stresses Hitler's wide appeal and efforts to maintain this popularity. The Nazi state, like the Nazi party, was a ramshackle affair. Its compelling ideologies, individuals and bureaucracies resulted in inefficiencies and conflicts far removed from the powerful totalitarian image projected abroad. The German economic revival was not due to expenditure on rearmament; it probably began before Hitler took power but was sustained and broadened through subsequent wide public spending and a revival in public confidence.

Again, though Mr. Stone has left a great deal unsaid in this domain, no one today would argue that Hitler had "a blueprint for aggression." He was intent on expansion, which Mr. Stone admits, and he was planning for an all-out war which Mr. Stone denies.

Germany was not prepared for war in 1939 but both the political and economic evidence suggests that Hitler intended to have his European struggle. The Führer was poorly served by his lieutenants and his own disregard for economic planning meant that the Nazi rearmament

programme was far less advanced than Hitler intended. If Mr. Stone treats the war in the west and south in a somewhat summary manner, barely noting the many controversies these campaigns have engendered, he comes into his own when he turns to the war in the east. The chapter on Barabarossa, 1941, is the high-point of the book. Building on excellent secondary material and on his own intimate knowledge and interest in the struggles on the Eastern Front, Mr. Stone describes in some detail the story of the German advance and retreat, the quarrels between Hitler and his generals and the loss of flexibility after 1944. The author and the reader are equally engaged.

Despite Mr. Stone's detachment from his subject, irony and wry humour, his determination to reduce even the most shocking to manageable proportions, one cannot help but feel that he was ultimately relieved to leave his disagreeable subject. Once the tide of battle turns against Hitler, the story comes to a rapid close.

This is a challenging biography. It would have been a better book if Mr. Stone had not cut so many corners. There are errors, unnecessary oversimplifications, judgements intended to provoke rather than to enlighten. But if it had been a longer, more careful and more tentative account of the present state of Hitler scholarship, this biography would not have been the dramatic, provocative and popular study which Norman Stone intended to write.

WOMEN'S FASHION

Changed shopping habits and the pinch of recession have hit the fashion trade hard. The watchword is survival, but those who can adapt—by reacting quickly to new demands by cautious spenders—will be the most successful, as Lucia van der Post reports.

Facing up to the future

ONE FASHION manufacturer to another: "How is business?"

"Quiet."

"Really? It is that good?" The conversation may be apocryphal, but it is no secret that these have not been easy times for the fashion industry. Ever since last year's late spring and bleak summer discouraged customers from buying light-weight summer fashions and the warm autumn prevented them from buying winter coats until the January sales, it seems to have been nothing but one hammer blow after another.

As if the weather, over which heaven knows, not even the most astute manufacturer has any control, wasn't enough, the industry as a whole seemed to have lost any sense of what the woman in the street wanted to buy. En masse, women rejected the narrow look, the uncomfortably tight waists, the space-age shoulders, and the clothes rails in small shops, stores and boutiques up and down the country began to groan with unsold stock.

Under this tide of cumulative disaster profit margins everywhere have suffered and there have been several spectacular bankruptcies. Bus Stop, for long one of the most go-ahead and exciting chains of boutiques, went under about a year ago and then Wallis shops, yet another of the seemingly highly-successful small chains, had to be rescued by the giant Sears group.

One London firm of chartered accountants specialising in fashion trade insolvency found earlier this year that it was dealing with three times the number of bankruptcies compared with the year before. Small shops that previously had survived most difficult times because their customers were those who were traditionally somewhat insulated from the effects of recession—the middle-to-upper-class woman, the company executive's wife—found that they were losing up to 50 per cent of their bread-and-butter trade.

People became frightened of spending and it's no secret that no shop has been exempt—from Harrods to Marks and Spencer, from small boutiques to Woolworth, they've all been feeling the pinch.

And the sorry tale doesn't end with the retailers. All the way back along the chain, the button and ribbon makers, the textile mills, the larger manufacturers combine all have suffered. Survival has become the name of the game and never mind the holidays in Bermuda.

Retailers

Nobody expects the recession to end very soon apart from anything else with unemployment running at 7 per cent so many of the potential customers are short of spending money—and so most of the large stores and retailers specialising in fashion have already done some long, hard thinking about what they need to do not just to survive but, they hope, to increase their share of the shrinking cake. In the long run, painful though this is almost everybody agrees that it has been long overdue. For almost everybody agrees

that over the past few years

most free-spending tourists, it was almost too easy.

As Clare Stubbs, Harvey Nichols' very experienced merchandise manager, puts it: "We were living in cloud-cuckoo land." Even the smartest of shops now ruefully admits that the home-grown British consumer was neglected. Now that they have discovered that they do need her, a great deal of effort is being put into wooing her back.

At whatever price level the retailer is operating they all know that the British customer has now become infinitely more discerning and any store that wants to survive has had to look very closely at the value it is offering.

Clare Stubbs tells me they find that women are buying clothes with much more discrimination than ever before. Price ranges have had to be widened and far more merchandise provided in lower price rungs than they did before. "We're finding that because of the way prices have risen, women want the best available within their chosen price category—and then they want a bit of magic as well."

"They think about clothes more now in the way that the Europeans have been used to doing; they plan them and colour co-ordinate and what they want, above all, is mileage clothes."

Like almost everybody else I spoke to she thinks the manufacturing side is going to have to become much more flexible. Shops are going to have to buy at much shorter notice and not commit themselves six months ahead as they have been used to doing. This, in turn, means that manufacturers will have to adapt to shorter order times and the textile companies will have to be much more eager and more adaptable over deli-

very dates.

Already companies like Marks and Spencer (which began tackling the problem of slower-moving lines months ago with an aggressive margin-cutting policy) have been working closely with manufacturers to try to sort out these problems. Instead of buying garments M and S now often buys production time—this means that if something is not selling they can quickly change to making something else.

Admiration

Helen Robinson, group stylist for the whole Debenhams group, has just come back from a working trip to the U.S., full of admiration for the professionalism she found there. America has not been insulated from the effects of the world recession but what she did find was that sales were holding up in two areas: the good-value, inexpensive designs, and at the top or better end of the market.

Much the same sort of pattern seems to be repeated here where it is the middle-of-the-road ranges, the ones that offer nothing very particular at unexceptional prices, that are suffering most.

As Helen Robinson feels that in America they have understood more quickly what it is that women want and reacted faster to the way things are today. She was very impressed by the sheer professionalism of the manufacturers, which she finds startling compared with their British counterparts.

"For instance, when you arrive at a showroom the girl who presents the range is intelligent, very motivated, loves the range, is probably wearing it and you feel right from the start that she identifies with it. She shows the range in a most compelling way—very quickly and with total expertise. Like M&S it has realised

"The potential buyer will be put in the picture in the fastest way possible—she is told who the company is aiming to sell to with a quick summing-up of the sort of person she is, where she is likely to live and what she is likely to do. The American manufacturers are accustomed to producing ranges for five different seasons and they are expert at pin-pointing the best-sellers and making sure that where there is a demand they can meet it."

"Finally, when they deliver the range it is completely ready to go into the store—they present it as a complete package, the colours and the sizing all worked out for the store ready to hang on the rails."

These are obviously areas that British manufacturers hoping to survive are going to have to look at.

Debenhams has responded to sluggish sales by taking a hard look at what positive steps could be taken. Their primary decision has been to look even closer at how they can provide very good value, very good design in the colours and fabric textures that people want."

As Helen Robinson puts it: "We have 72 stores and sell out of a vast number of square feet and so large numbers of our customers are enormously affected by the recession. We therefore feel that we must hold our prices where we can and cut them if it's possible."

"The way we do this is by working more and more closely with manufacturers. Because of our enormous buying power, we can negotiate on price very well and we find that now business is tough manufacturers are prepared to talk turkey."

Like Marks and Spencer (which has been aggressively promoting its Buy British campaign), Debenhams aims to increase its British buying substantially next year if it possibly can. Like M&S it has realised

that a large proportion of its customers are ordinary men and women who themselves will be able to buy more if they are kept in employment and if their factories and mills have more business.

Marks & Spencer have responded to sluggish sales by providing their customers with the current "preppy" look (far left) at under £20. Centre: Debenhams have worked closely with manufacturers to stock the look their customers seem to want at prices they are prepared to pay and the Sequel range of dresses, priced from £22 to £35, designed by Celia Mortimer has been a fantastic success.

Finally, Wallis shops under the aegis of its new owners, the Sears group, has worked hard at giving pannache and wearability at prices that are reasonable.

Relevant

Similarly, Debenhams discovered a market gap for the kind of dress that women could wear during the day and then go out to a restaurant or theatre in. They worked together with the designer Celia Mortimer, and the manufacturer Richard Stump, and produced a range of dresses called Sequel selling at about £24 each. These, too, are doing incredibly well.

They have had another big success with their Gloria Vanderbilt range. As Helen Robinson says: "There is nothing difficult or peculiar about the range. It is very relevant to the way people want to look and therefore it is selling well."

In a period of up-dated classics, which is how Helen Robinson describes the current look, it is the co-ordinates, the separates that seem to be selling best. Debenhams report ruefully that sales of coats are 25 per cent down on the same period last year, which was already down on the year before.

Lionel Green of Windsor, a fashion house traditionally associated with up-market coats and tailored suits, is moving over more and more to producing co-ordinates. "Our coat production is 20 per cent less and we're doing 40 to 50 per cent more co-ordinates," Lionel Green reports. "Women want to be able to buy a jacket one day, a skirt the following week."

Fabrics

But Lionel Green, like so many other manufacturers, reports that it is increasingly difficult to find the fabrics he needs in Britain. "There is no depth of design here any more and now I have to buy 60 per cent of what I need abroad."

It is perhaps understandable, but sad nonetheless, that one of the seemingly inevitable side-effects of a recession as bad as this one is an apparent dearth of the bright new talent that every industry needs if it is to go on renewing itself. The designer names that still seem relevant are the names we have all grown to know and love—people like Jean Muir, Roland Klein, Salvador Murray Arbeid, John Bates, Zandra Rhodes et al.

The new younger designers leaving the design colleges seem to feel that nothing except the top end of the market is really worthwhile, while the area of fashion that is relevant to far more people seems currently to be starved of the creative energy it needs.

For the moment the fashion industry seems like a flotilla of ships bobbing in a stormy sea—those who keep their hands firmly on the tiller, who know where they are going and have done their navigation work will survive. For the rest it's a chancy future.

FINANCIAL TIMES REPORT



ANABELINDA

Dress Designers

of genius for formal receptions into Royal Societies; for clandestine meetings in unmentionable places; for gala performances at the opera and at later hours elsewhere; for the nuptials of Princesses of the Blood Royal; for the greater pleasure of discerning voyeurs at major events of the sporting calendar; for ducal invitations to discreet hunting lodges lost in ancestral forests; for baronial betrothals; the epithalamia of Emperors; the enchanting of the Incas; the delectation of Doges; the sinuous silken snake charming of the scimitared Sultan (or merely for the pleasure of Princes).

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PROPERTY

Father Thames, your neighbour

BY JUNE FIELD

*And dream of London,
small and white and clean.
The clear Thames
bordered by its gardens green.*
William Morris: *The Wanderers*

LIVING BY the river needs an appreciation that conditions will not always be idyllic. In the summer the water can be over-busy with an assortment of craft—lunches, punts, skiffs and canoes, while in the winter it could be cold, damp and misty.

As George William Curtis, 19th century American essayist, observed in *Lorus-Eating: Hudson and Rhine*, although "a river is the easiest of friends, you must love it and live with it before you can know it."

So before you emulate Jonathan Swift's wish for "a handsome house in which a friend, a river at my garden's end," it is essential to experience the river in all its moods.

Marlow, busy riverside town on the Thames, is just under an hour's drive from central London skirting Heathrow along the M4, depending on the traffic, or you can take a fast train via Maidenhead from Paddington. (For commuters going the other way, the 7.52 gets you in at 9.00 every weekday morning, and the 17.23 back arrives at 18.27.)

To look at an unusual new housing complex on Temple Island, about four minutes from Marlow by road, I went on by boat, taking the *Bray Princess*. From the mooring at the end



from the Compleat Angler Hotel, (along the middle reach of the Thames, it is named after Isaac Walton's work on the delights of fishing that was first published in 1653, after taking 40 years to write).

Temple Island is just past the historic Bisham Abbey, now rebuilt as a physical training school, just before you get to Medmenham Abbey. Built on the site of a Norman abbey by Sir Francis Dashwood in the 18th century, it is said to have been used by his Hell Fire Club for black-magic rites.

On Temple Island, site of an old paper mill, Gough Cooper and Company is building 82 new houses, a pleasing mix of two and three-storey houses (with 3 or 4 bedrooms and 2 bathrooms), 4-bedroom maisonettes (you go up a spiral staircase to the upper apartment), and some 2-bedroom flats.

The red brick exteriors are practically maintenance free, and prices are from £65,000 to £90,500, which in most cases includes an individual boat mooring. The basin will take an average 27-foot long craft.

Most of the little lawned gardens go down to the water, with the central moorings approached by a floating dock, the scheme designed on advice from Brighton Marina consultants. The views are splendid, whether from the kitchen window, the balcony of the living room or through the floor-to-ceiling windows in the main bedroom.

"They are all people who want a complete change of en-

vironment after the pressure of their work, and something quite different from the traditional estate house," Mr. Ian Fifield, group managing director, says.

"Interest is also coming from overseas, from expatriates who still recall the Thames and its surrounding countryside as something very English."

Illustrated brochure which includes floor plans of the accommodation, from Mr. Smith, Gough Cooper, Wilmington House, Wilmington, Dartford, Kent (Dartford 23400).

The show house, open seven days a week, 10 to 5.30, is viewable by applying to the sales office, 300 yards away on the site. The tarmac access road across the causeway connects the island to the south bank of the river, and the motorway is 10 minutes drive away.

From the mooring at the end



5 Folly Bridge, Oxford, originally called Caudwell's Castle, was built in 1849 for eccentric accountant Joseph Caudwell on the site of the tower of Friar Roger Bacon, who died in 1292. In need of restoration, it would make a family house, studio-apartments or a restaurant. There are 8 rooms, 3

kitchens, 3 bathrooms, balcony and patio plus a vaulted wine cellar. Details Christopher Tenant who will be auctioning it on a price guide in excess of £50,000 for Buckell & Ballard, 53 Cornmarket, Oxford (0845 408081), at the Town Hall, Oxford, at 3 pm, Thursday September 25.

Most of the three and four bedroom houses being built on the river by Gough Cooper on Temple Island, Marlow, Bucks, have their own mooring. Prices are from £65,000. To view the showhouse, contact Peter Jordan, sales office on the sites, 10 to 5.30 every day including Sunday (telephone Littlewick Green 5660).

between 1883 and 1885."

The review ends with what can only be construed as a little dig at the banks getting deeper into the home-loan business. "Since no decline in the demand for housing finance is implied, the role of building societies as principal lenders will continue to be crucial despite the entry into the mortgage market of other financial institutions."

"Because the primary influences, i.e. the sales of council houses and the shift in household composition will be felt in the early part of the next decade, emergence from the current recession is likely to produce a housing boom

1984 . . . and a housing boom

Woolwich Review, a regular bulletin on housing and financial topics, the society makes the point that house purchase has two principal elements—paying for the house, i.e. financing the debt, and meeting the cost of the transaction itself.

On the latter no attention is drawn to survey costs, for which of course the applicant pays, but only to fees to agents and solicitors which it is admitted, "can represent a very large slice of an owner's potential equity." Stamp duty takes

quite a bit more and as they observe, in 1974 only 16 per cent of borrowers bought houses above the stamp duty threshold, while by the end of 1979, 71 per cent of houses bought through societies came within the stamp duty net.

The society has also gone in for a spot of crystal-ball gazing, prophesying a housing boom in the mid 1980s, increasing the owner-occupied stocks to 65 per cent by the start of the 1990s, as compared with the present 54 per cent.

"Because the primary influences, i.e. the sales of council houses and the shift in household composition will be

felt in the early part of the next decade, emergence from the current recession is likely to

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The review is not for distribution, but if you want a list of local Woolwich contacts to find out the state of play on lending, contact Mr. David Blake, the Woolwich Equitable Building Society, Equitable House, Woolwich, London, SE18.

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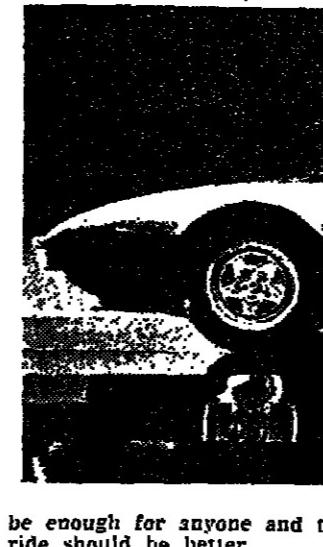
BY STUART MARSHALL

THE FERRARI Mondial 8 will make its British debut at the Motor Show next month and will go on sale immediately afterwards. The price has not been fixed yet but is likely, I understand, to be in the mid-£20,000s. For this buyers will get what Ferrari calls a genuine sports car with comfortable gran turismo qualities.

It will, of course, be a thoroughbred in terms of performance, roadholding and handling but it is also more functional than previous small Ferraris. The Mondial, which replaces the delightful two seats and a padded soft Dino 308 GT4 (this column, September 17, 1977) has four seats and, for the kind of car it is, a lot of luggage space.

I wouldn't say the rear seats would suit a couple of six-footers, but, with a bit of give and take on the part of those up front, a trip down the motorway in them would be better than waiting for a train on a windswept platform.

I haven't tried the Mondial yet—it is a treat, I hope, in store—but its performance probably will not quite equal that of the smaller Dino 308 GT4. However, a top speed of 142 mph (Ferrari's claim) must



be enough for anyone and the ride should be better.

Michelin's latest very high speed TRX tyres, which outstrip their previous best, the XWX, behave

more forgivingly when pushed to the limit and subdue rough roads better. They impressed me greatly on the Renault 5 Turbo a couple of months ago.

The Mondial's mid-mounted V8 has been thoroughly sound-

down into second and prodded the accelerator.

What I liked about it least was its ponderous 40 ft. turning circle (from the specification the Mondial appears to be no better) and very heavy clutch.

Equipment includes air conditioning, electric windows, central locking and digital electronic readouts for total and trip mileage—the first, say Ferrari, on a limited production car.

In the hands of the computer

THE SILICON chip is cautiously feeling its way on to the European automotive scene.

Talbot, when it was still called Chrysler, offered a mini-computer that provided a read-out of elapsed mileage, average speed, and consumption, and time of day, serves as a stop watch and can be set as a speed controller and a lot more besides is available on the accessory market. It am not altogether convinced that it is what the motoring public wants.

Next month at the Motor Show the first British-made on-car computer will appear on a component maker's stand and in a new British car. The mini-computer monitors the car's performance. It enables the driver to see if he is falling behind schedule or driving uneconomically: he then has to make the necessary adjustments.

BMW have an electronic system that monitors engine performance many times a second and adjusts the fuel injection for maximum efficiency. They also use electronics to work an anti-lock braking device that is currently optional on the seven-series cars but will even-

tually work right through the range.

A fairly elaborate mini-computer that provides a read-out of elapsed mileage, average speed, and consumption, and time of day, serves as a stop

watch and can be set as a speed controller and a lot more besides is available on the accessory market. It am not altogether convinced that it is what the motoring public wants.

There is so much information locked in it that it is almost self-defeating. If a motorist was to use it all, he would be devoting more attention to punching buttons than driving the car.

But nothing marketed so far

in Europe can rival the Computer Command Control system just announced by General Motors as a standard fitting on nearly all their petrol-engined cars in the U.S.

It is a small digital computer,

now being produced at the rate of 20,000 a day, which makes GM the largest computer manufacturer in the world. It regulates the fuel-air mixture entering the engine to give optimum

fuel economy, best performance and improved exhaust emissions. And it also keeps an electronic eye on its own reliability and efficiency.

More than this, the CCC system will automatically cut out two or four of the eight cylinders in a new Cadillac. This car has what GM call a modulated displacement 6-litre V8 that instantly becomes a 4.5-litre six-cylinder or a 3-litre four-cylinder, according to the driver's need. Porsche showed something like it a year ago on their 928, but said it would not be in production until the mid-1980s.

Here we have a computer actually making decisions on the driver's behalf. It is only a short step away from the computer controlled transmission which selects the appropriate gear.

Already the CCC system controls the torque converter lock-up clutch in the new GM three and four-speed automatics. If all this technology sounds a little alarming, a bit like a

motoring 1984, it's nice to know that CCC has a couple of cosier functions. It will remember "his" and "her" favourite driving seat positions and tell the power operated seat adjustment how to change from one to the other.

It will control the air conditioning, using touch buttons, and show the temperature inside the Cadillac on a digital display.

May be the Americans are having to accustom themselves to the idea of driving smaller and more economical cars, but it is good to see that Cadillac is not going down without a fight.

More news from the U.S. on General Motors' 1981 model cars is that many will be fitted with special, low rolling resistance radial tyres that are inflated well above normal pressures to save a little fuel. And some of the larger Pontiac models will have self-sealing tyres. A compound seals up 90 per cent of punctures in the tread area.

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TRAVEL

Autumn treats

BY SYLVIE NICKELS

THE BRITISH climate is not noted for its predictability, but one of its fairly regular features is an Indian summer some time around October/November. It is a fortuitous time all round, coinciding with lower prices and all sorts of little treats to tempt you away from home.

It is also a time when most "no vacancy" signs have been put away and you can take off more or less on impulse.

The criteria governing choice of area are obviously personal. I settle for good sightseeing, preferably of the kind that is not in all the guide books thus allowing me an element of personal discovery; pleasant walking and varied birdwatching.

Others may be more attracted by major historic monuments, an untried golf course, an arts festival, bright lights, good angling or a particular type of scenery. So, it is worth a modicum of forethought and a small investment in some of the planning aids available.

For £5 a year including postage, for example, you get the British Tourist Authority's Events, a quarterly detailed list of happenings of all kinds throughout the British Isles for a long way ahead.

Costing nothing at all is the English Tourist Board's Let's Go booklet of off-season breaks up and down the country (1001 entries for the coming season). The Wales and Scottish Tourist Boards have similar publications. All give information on a good many packages catering for one kind or other of special interest, active and passive.

Areas fulfilling one need sometimes end up by meeting all the others as well. For a birdwatcher, especially at migration time, the coasts of Suffolk and Norfolk are natural magnets. But both counties satisfy much wider needs.

The Suffolk villages crouching beneath their great "wool" churches are as pretty as anything, under skies that Constable has made immortal; and the round towers of the Norfolk churches add distinction to totally forgotten corners of these not-so-crowded islands.

There are marvellous pubs, too. It was in Norfolk that we found (at Burnham Thorpe) the one where the youthful Nelson quaffed his beer. It was in Norfolk, too, that we trod some of the ancient Peddar's Way in the wake of our prehistoric ancestors.

Parts of Sussex also meet a



St. John's College, Cambridge.

lot of requirements. There are all Chichester and Roman Fishbourne, and pretty Bosham where Canute tried to reverse the tide, all within striking distance of the rolling South Downs Way, and the blunt nose of Selsey Bill over which the birds migrate in droves.

In the north, Yorkshire combines tawny moors with some of our dizzies cliffs, haunted by the spirit of Captain Cook.

Autumn's major trump card is colour, remembering, of course, that the further north you go, the earlier this reaches its peak. When it comes to organised magnificence, the English Tourist Board's Visit an English Garden book (90p with postage) is especially helpful for it has arranged its selection seasonally and lists 20 recommended for autumn, including three arboreta.

I remember a tour of Batt's Park Arboretum in Gloucestershire, not on a bright day of Indian summer but on a soggy wet English one, and even then the glory of this, the country's largest private collection of trees, was in no doubt.

Also in Gloucestershire is the Forestry Commission's Westonbirt Arboretum. October is the month when the maples blaze. In the Valley Gardens of Berks, part of Windsor Great Park, heather and hydrangeas are among the autumn specialities.

In Clumber Park, part of Nottinghamshire's old Sherwood Forest, you can hire a bike to explore the 3,500 acres. Killerton in Devon has 1,000 acres of forest and woodland, and an Iron Age encampment. Cragside in Northumberland goes in for unusual conifers and rhododendrons to set off its waterfalls and lakes in these 900 acres of parkland on the edge of Alnwick Moor.

City lights

BY PAUL MARTIN

OFF-SEASON. Europe's great cities again belong to the residents and become truly lived-in. This is the time when travellers wanting to avoid the tourist crush can take advantage of mini-trips offered by many tour operators.

I have tried out several city packages over the years, and travelling companions have been roughly divided between first-timers and those often approaching retirement, experiencing once again the delights of a place they had first visited many years before.

On a short winter break it is not really worth travelling a great distance for a stay of two or three days. This is also the quiet period for the ferry operators, many of whom have become tour operators in their own right.

Travel agents can provide details of the inclusive arrangements available from Danish Seaways, Sealink and Townsend Thoresen. Tor Line also has an extensive winter programme of particular interest to those for whom a full day at sea in either direction is the best start and end to a short holiday.

Then there are those who specialise in particular countries or cities. CIT is the leader in Italy, DER, in association with both German Federal Railways and Lufthansa, concentrates on Germany and Austria and French Travel Service (FTS) to France.

Pegasus runs a year-round operation to many popular European destinations but, if you are looking for a choice of departure day in addition to a variety of travel arrangements, by air, sea and hovercraft, Time Off handles tailor-made individual travel arrangements.

An Oslo resident once described Norway's capital city as being lovely "out of town." I understand what he meant. Some of the architecture, including the Parliament Building and the massive Town Hall, is not particularly pleasing to the eye. However, summer and winter alike, Oslo's setting at the head of a fjord and encircled by pine-clad hills is one of great beauty.

If you feel like a day's skiing, it takes only half-an-hour on a direct train from the National Theatre to Holmenkollen.

A three-hour excursion, costing around £6, helps you to get



Marienplatz, Munich

your bearings. It includes a free travel within the city limits. Admission to all the museums and art galleries is also free.

Finally, Pegasus include Madrid in its Winter Cities programme. While it can be unbearably hot in high summer, Madrid, at an altitude of over 2,000 feet, is at its vibrant best in the autumn.

Travel Time uses scheduled Heathrow-Oslo services with a choice of two hotels in Oslo. Both provide private facilities on a bed-and-breakfast pattern. Prices, with departures on Thursdays returning on Mondays, start at £173.

If that isolated Norwegian had some misgivings about Oslo, that certainly does not apply to Munich. Even those who live elsewhere in the Federal Republic are almost unanimous in their admiration and affection for this lovely city.

Munich has finally banished the motor car from the city centre. If you start off at the Karlsplatz, near the central station, you can walk through the heart of the old city, past the Frauenkirche down to the Marienplatz. The Alte Pinakothek houses one of the world's great collections of paintings.

Romantic Tours, linked to Dan-Air's scheduled Gatwick-Munich services, charges from £115 for their three-night bed-and-breakfast arrangement, called a "Key to Munich" weekend. Departures are on Thursdays with return on Sunday from October 2 to March 29.

Once you have chosen the grade of hotel, the City Tourist Office allocates individual accommodation within the category specified. Airport transfers are included as well as a city sightseeing tour and a choice between an excursion to one of the lakes outside the city

GARDENING

After all, what's in a name?

BY ARTHUR HELLYER

POLYGONUM is not a glamorous family and the popular names that have been given to some kinds, bistort and knotweed, have done nothing to improve their garden image. Russian Vine, for *Polygonum baldschanicum*, is better and maybe this is why it is the species most highly regarded by gardeners and most frequently planted.

Yet every year, at about this time, I begin to appreciate what very useful plants some of the polygonums are. There is a peculiar quality about the flowers of many which enables them to last without fading for a very long time.

They may change a little in colour as the weeks slip by, the white ones becoming a little more creamy, the pinks deeper, the roses and carmine distinctly more purple, but it does not in the least diminish their attractiveness, rather the reverse. It is nice to have flowers in the garden that are both so long lasting and so easy to grow.

Too easy, some will say, and there certainly are polygonums which should be excluded from any but the largest wild gardens. *Polygonum cuspidatum* is one of these and also the very similar *P. sachalinense*, both handsome plants with tall, much jointed stems, big leaves and

plumes of small creamy white flowers but spreading so implacably by tough, deep seated roots that they can quickly take over the whole garden with little that one can do about it.

There is, however, another kind, equally tall and handsome, which completely lacks this lust to conquer. It remains neat and tidy, in one place and its big plump sprays of white flowers can make a very pretty display.

But they come in high summer when there are plenty of other plants in bloom and so this is not as useful a species as some of the late summer and autumn flowering polygonums.

My two favourites are *Polygonum affine* and *P. campanulatum*. Both are mat forming plants but the first always keeps quite close to the ground whereas *P. campanulatum* can reach waist height when in flower.

The tiny flowers of *P. affine* are tight packed into little poker-like spikes, pink or rose when they first open, becoming ever more carmine with age but never so long lasting and so easy to grow.

As an added bonus the leaves turn crimson in autumn. This is a fine plant for a rock garden or a bank provided it does not get too dry for, like most of the family, this Himalayan

species prefers its soil to be rather damp.

Polygonum campanulatum is even more dependent on moisture and can collapse completely if it remains dry for long. It can spread quite rapidly but nearly all its roots are close to the surface so, if it strays too far, it is easy to strip off the surplus and put it on the compost heap or give it to grateful visitors.

It starts to flower in August and continues until November, carrying its tiny white, pink tinted bells in short spikes themselves arranged in branched clusters, the whole effect being very light and dainty. The leaves are distinctive, long pointed, strongly veined, with a pink midrib and a dense covering of beige down beneath. I would not be without it.

The bistort is *Polygonum bistorta*, a pretty British wild plant not itself worth garden space but excellent in a selected form named Superbum which has stouter "pokers" of pink flowers and makes a very good display in early summer, usually with some more flowers to come later.

Its pink flowers on the slimest of spikes start in August and continue until November if the weather is kind. As the little leaves age they turn crimson and this adds to the display. No plant is easier to grow in a sunny place.

The Russian Vine, *Polygonum baldschanicum*, is the giant of the family, an indefatigable twiner capable of ascending a tall tree or covering a considerable area of ground as it does one of the ruined towers of Falkland Palace, Fife.

Yet it can be restricted by pruning in winter and I saw it last week reduced to the rank of an informal hedge apparently scrambling through something else which gave it support but was so densely covered in clouds of creamy blossom that it was impossible to see precisely what was underneath.

It is one of the most spectacular of autumn flowering climbers, rivaling even the late clematis species in beauty, and it is also one of the fastest growing plants with which to cover or block out an unsightly object.

There is some dissension about its name since there is another species, *P. umbellatum*, so much like it that the two are hopelessly confused. From a garden point of view it matters not at all since *P. baldschanicum* and *P. umbellatum* are equally beautiful and hardy and easy to grow.

However, this "swimming" of species may account for some of the colour variation that occurs for there are certainly Russian Vines about that are distinctly pink, though the majority are cream.

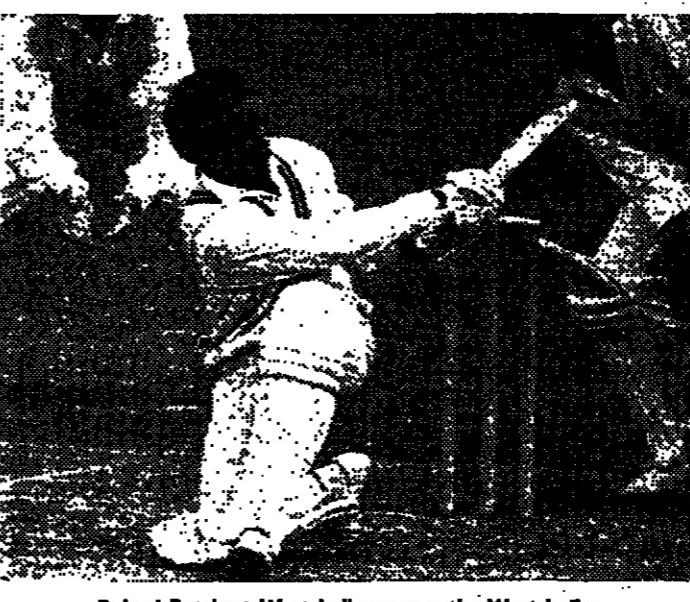
A tough tour ahead

IT HAS BEEN a poor summer both for weather and English cricket. Although Botham's team only lost one Test in their five match series against the West Indies, and, ironically, would probably have won the deciding game at Trent Bridge if Hendrick had not been injured and Botham fully fit, there is no doubt that the tourists were much the better team.

In addition we were comprehensively outplayed by Australia, (who had looked most unpromising in their warm up games)

CRICKET

TREVOR BAILEY



Roland Butcher: West Indian versus the West Indies.

in the ill-fated centenary Test. The big disappointment for our selectors was that they learned little which was not already known, despite experimenting widely, if not always wisely. They did have two causes for satisfaction. First Graham Gooch, despite being out lbw rather too often for comfort, came of age as an international batsman and, secondly,

Brian Rose surprised most people by the authoritative way he handled the West Indian pace bowling. Against these pluses must be put the frequent batting collapses, serious doubts about the penetration of our bowling on good wickets and a noticeable decline in the overall standard of the fielding, while Ian Botham, still learning his job as captain, experienced easily his least effective series as an all-rounder.

These setbacks and the lack of high quality batsmen and bowlers available are reflected in the party chosen to tour the

Caribbean this winter, which apart from a shortage of real class is unbalanced in both batting and bowling. On paper it certainly does not look good enough to take the rubber.

Our batting line up appears to be overloaded with stroke makers, since apart from the dependable Boycott and several members of a stronger than usual later order it does not contain another established accumulator. There are plenty of entertaining and attractive players, but there must be doubts as to their ability to produce consistently the runs required.

Of the six main batsmen Boycott, Gooch and Rose were certainties, the dashing Gower has enormous potential and should thrive on West Indian pitches and Getting looks a fine prospect, even if he has not yet played a major innings at the highest level. The most intriguing selection is the Barbadian

batsman Roland Butcher, who has only just established himself in the Middlesex side as a result of a few spectacular match-winning knocks. Whether it was worth taking such a diplomatic and cricket gamble at this stage in his career time alone will tell.

The lack of competition for the seam and pace bowling can be seen in the picking of Willis, who lost his speed, confidence and pace last summer and Dilley, who was laid low by glandular fever. In support of the five quick bowlers, Willis, Dilley, Old, Stevenson and Botham, who will find the pitches less sympathetic than those in this country, are three of spinners Embrey, Miller and Willey. The last named is really an occasional, rather than a mainline bowler.

The need for more variety is obvious and one cannot help

feeling that a place might have been found for Edmonds, or

possibly East.

My own choice, better than in England, where they play so much cricket, would be David Steele, who is so slow that he might have worried the West Indian batsmen who are much happier against pace, while he would have brought additional determination and proven ability against quick bowling to a suspect middle order.

Bairnsford has been selected as first wicket keeper, but there must be some doubts as to whether Downton is the best second choice. In the Glette final he was less impressive than Richards while few would dispute that, with Knott unavailable, Taylor remains the most accomplished keeper in the country.

I hope that England will have a happy and successful tour, but it is difficult to be very optimistic about their chances as the West Indies are superior on paper and start clear favourites. Nevertheless Ian Botham's men do have three distinct advantages out there which did not apply last summer.

First the West Indies are more vulnerable in the Caribbean, less than in England, where they play so much cricket. Secondly, they experience more pressure in their own country because of the considerable inter-island rivalry that exists. Finally, England on tour should become a much tougher fighting unit, which could enable them to play above themselves.

The effect of these pluses can be seen by the fact that England have not lost a series in the West Indies since our second eleven was beaten back in 1947-48.

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Choose Mattaboy

LORD SEYMOUR, Known Fact and Mrs. Penny were among the runners for last year's Mill Reef Stakes at Newbury and it is disappointing to find that this afternoon's field for the Group 2 event seemingly lacks a top-class juvenile.

In the absence of a potentially high-class performer in the seven-runner line-up I believe it will be well served by both to-day's six-furlong trip and the easier ground conditions.

I hope to see him followed

home by the once highly rated Southern Frontier, who had his limitations ruthlessly exposed when failing to beat either Poldhu or Pellegrini, from both of whom he was receiving weight in the Washington Singer Stakes here on August 16.

Caste Keep, the subject of a major plunge on Wednesday in the Coral Autumn Cup, seems sure to start at around 9-4 and at those odds he hardly represents betting value of 9st 1lb in such a competitive handicap. One I prefer in the Autumn Cup is Lumen.

Turning to Ayr, Rosia Bay could be the bet of the after-

noon. It usually pays to follow

a second-season filly once she has hit form.

AYR

HOW TO SPEND IT

If you've ever longed to brighten up an old piece of furniture and wondered how and where to start take a look at what a group of enterprising artists can do.

Put a new face on it

Most of us have tucked away in some part of our flats or houses pieces of furniture that are less than perfect—the junkshop buys, the nursery furniture that was, the old cupboard inherited from an elderly relative. If you've ever wondered how they can be restored and given some kind of vitality it is worth going along to The Shop for Painted Furniture at 94, Waterford Road, London, SW6.

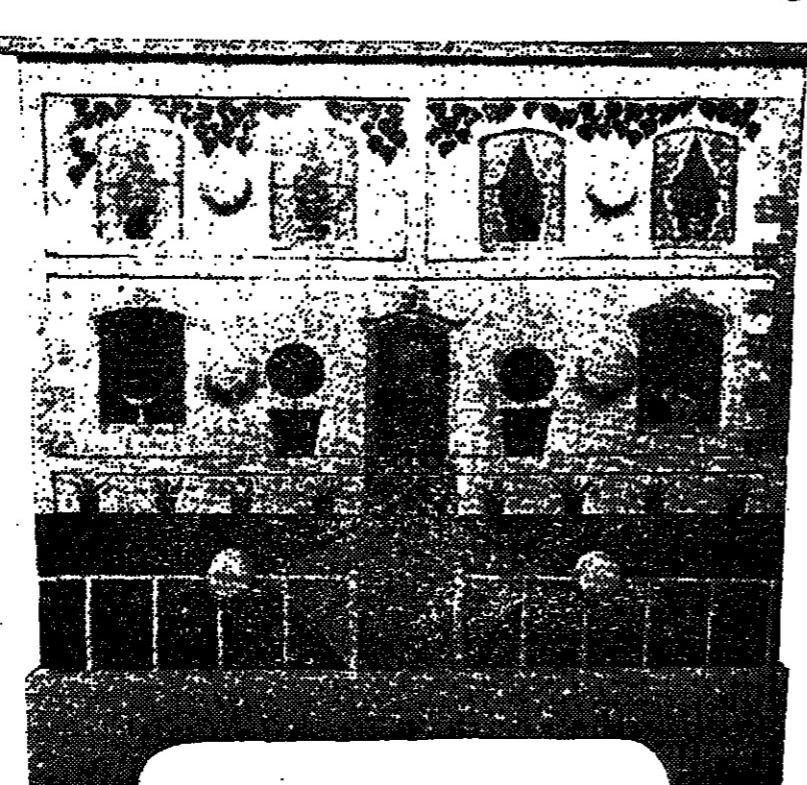
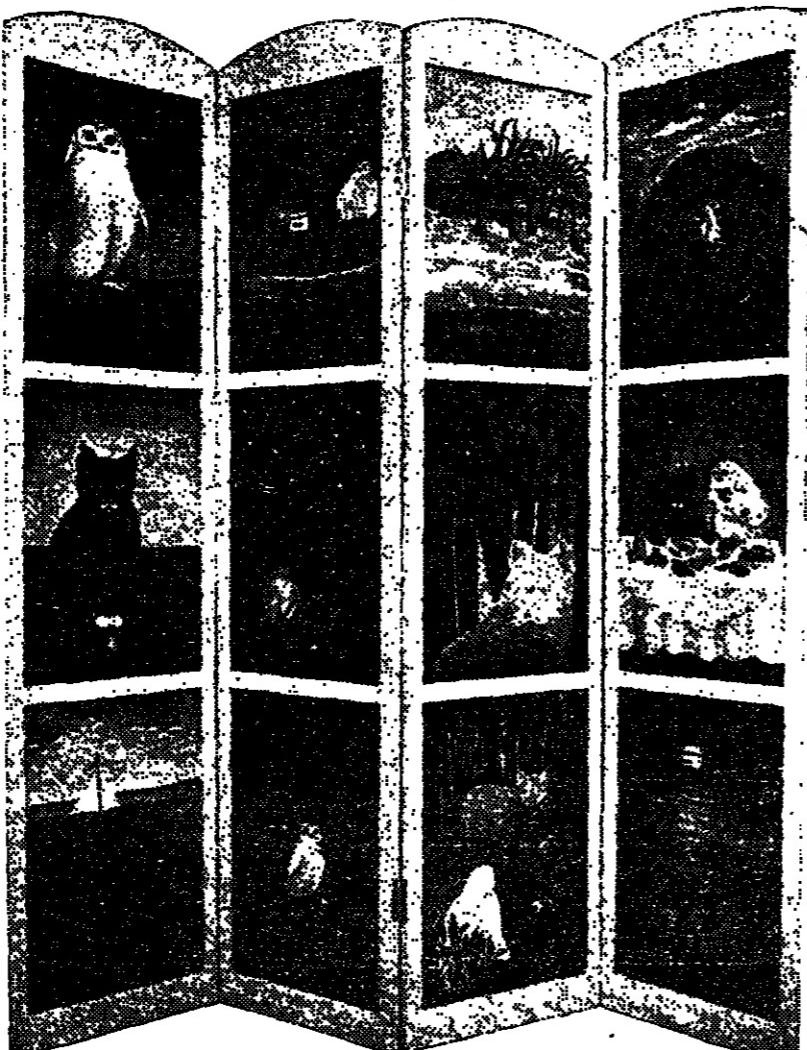
The shop itself has been going for about three years and was started by a group of five artists, most of whom live in the country, who decided to offer painted furniture to the public. It is possible to go into the shop and buy ready-painted pieces of furniture, simple, basic chests that have been quite transformed by one of the artist's work, or a newly-made screen (like the one photographed here) which has been divided into panels each of which reflects some aspect of the tale of the Owl and the Pussycat.

However, if you already have furniture of your own that needs embellishing, one of the artists involved with The Shop will do it for you. Each artist has a totally different style and prices vary considerably depending upon the artist chosen and the elaboration of the design.

To give some idea of price—a three-drawer chest, rather like the one shown here which has a doll's house painted on it by Wendy Newell is £175, but if you provided your own chest prices would cost roughly £80 to £100 for a painted front only. The screen, which was made in their own joinery workshop and painted by Jill Harding is £250.

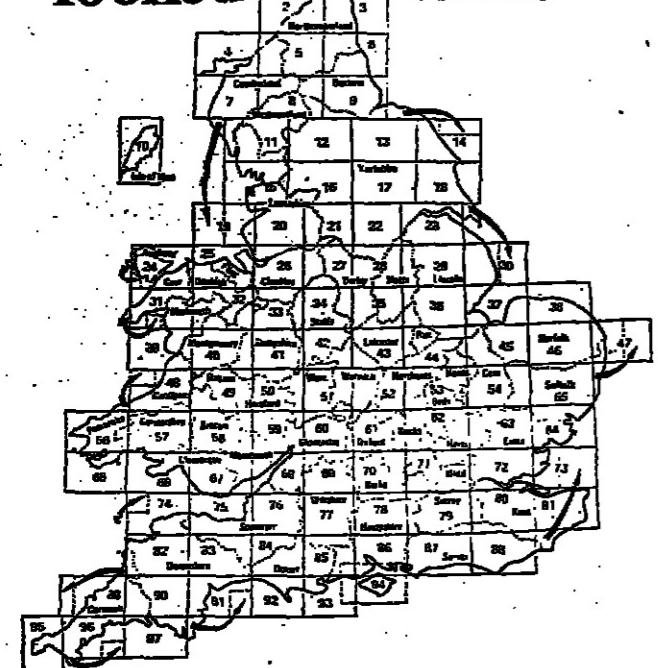
However, painting furniture isn't all The Shop does—it also offers specialist joinery work, staining and graining, marbling, painting on glass and even painted picture frame mouldings. Now the artists find they are doing more and more specialist work (recently they have done work for Albrizzi in Sloane Square, London, a marbled, stained and grained fire-place for Trinity College, Cambridge, as well as 20 stained and grained columns for the Carlton Club in London).

Anyone interested in buying ready-painted furniture should go along to The Shop itself (although increasingly they will be offering less in the way of prepared furniture and taking on more and more commissioned work). If you want to commission something special you should ring Roy Griffiths on 01-228 7177.



Hugh Routledge

See what your area looked like!



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Postscript

Readers who were interested in Julie Hamilton's piece on "Ways with Yogurt" may like to know that a reader in Cornwall, who is an ardent weight watcher, has found that yogurt made with Marvel (dried skimmed milk) produces a delicious low-calorie yogurt that she uses on fresh fruit as a substitute for cream. Julie points out that she made a mistake in referring to "condensed" milk in her piece—the high-sugar content of condensed milk means that you cannot in fact make yogurt from it. She was referring, of course, to evaporated milk.

Judging from the response to a page I wrote on conservatories recently more people than I'd ever imagined are interested in them—whether to install them, to restore them or look after the ones they've already got. Readers who are so interested that they would like to know more about the history of them could go along to a conference on Victorian Conservatories that the Victorian Society and the

Garden History Society will be holding jointly on October 25 at Caxton Hall, London, SW1. The list of speakers looks knowledgeable and interesting, including among others as it does James Sutherland on The Structure of the Greenhouse, Kenneth Lemmon on Great Glasshouses of the Nineteenth Century and Mark Girouard (author of *The Victorian Country House* and *Life in the Country House*) on The Conservatory and The Victorian Country House.

The price seems to be very reasonable—£8.50 for the day, including lunch (with wine and coffee) or £4.50 per person exclusive of lunch. Any reader interested in attending should write for tickets to: The Secretary, The Victorian Society, 1 Priory Gardens, London W4.

On Sunday October 26, following on the talks of the day before, there will be a day trip organised to visit the conservatories and glasshouses at Chiswick House, Syon Park and the Royal Botanical Gardens at Kew. This will be accompanied by a packed lunch at Kew and the price will be £6.50. Again write to The Secretary, The Victorian Society.

COLLECTING

Applying artistry to objects in everyday use

BY JANET MARSH

THE ARTS and Crafts movement of the late nineteenth century, a forceful reaction against the stultifying effects upon Victorian design of massive industrialisation, seems to have owed not a little of its force to eccentric and diletantes.

William Morris, William de Morgan and the Martin Brothers, in their varying degrees, would certainly qualify for the first category. Harold Rathbone, founder of the Della Robbia Pottery Company of Birkenhead, seems to have been

modelling in coloured tin glazed ceramic ware.

Rathbone was no doubt influenced in his choice of name upon Victorian design of massive industrialisation, seems to have owed not a little of its force to eccentric and diletantes.

William Morris, William de Morgan and the Martin Brothers, in their varying degrees, would certainly qualify for the first category. Harold Rathbone, founder of the Della Robbia Pottery Company of Birkenhead, seems to have been

In Italy the Doccia factory and the Cantagalli factory (with which William De Morgan had some association) dedicated themselves to more faithful reproductions of the old styles than Minton's exuberant interpretations.

In fact, comparatively little of the Della Robbia Company's general production was directly inspired by Italian majolica.

Rathbone believed in the individual expression of the

frontispiece of the catalogue is a portrait of Rathbone by William Holman Hunt, painted in the year that the Della Robbia factory was founded. It shows a lean young man, with short hair drifting over his forehead, big romantic eyes, thin beard and very little sign of humour.

His employees were modestly paid, but as a result of Rathbone's capricious methods of pricing, or of refusing to sell works which he thought were too good for the customers, the factory hit on harder and harder times. In the later days employees had to be paid with pieces from the stock; and in 1906 the Della Robbia Pottery Company went into liquidation.

Rathbone continued to paint



Cassandra Ann Walker chalice with stylised leaf and flower decoration.

c. 1903. Height 40.8 cms.

and exhibited regularly at the Walker Gallery. In 1908 his collection of fine art was sold, and he moved with his wife and son, whom he had blessed with the name of Gabriel Della Robbia Rathbone, to the Isle of Man where he died quite forgotten, in 1909.

No doubt he was consoled by

the thought that he had made his own small but colourful contribution to the visual appreciation of the new century, and by memories of the brief glories of the Della Robbia enterprise,

when Sarah Bernhardt and Padewski had rhapsodised over his exhibitions, and he had enjoyed the successive patronage of Queen Victoria and Edward VII.

As a student under Ford Madox Brown, Harold Rathbone worked on the frescoes for Manchester Town Hall, and modelled for the head of Joan of Arc in one of the paintings. Later he studied in Paris and exhibited there. He frequently showed his work at the Walker Art Gallery, Liverpool, of which his father was chairman.

In 1893, when he was 35, Rathbone decided to establish a pottery, with the aim of "applying artistic qualities to objects of everyday use." The company was formed with a capital of £5,000 and a controlling artistic council that included Rathbone's father, William Holman Hunt and G. F. Watts.

The enterprise was named the Della Robbia Pottery Company in honour of the great Florentine family of sculptors who had developed the art of

modelling in coloured tin glazed ceramic ware.

Rathbone was no doubt

Stanley Spencer—swans or geese?

In case it may have escaped your notice let me remind you that this is Stanley Spencer. Fortnight. A vast exhibition of his work has just opened at the Royal Academy, the first retrospective exhibition since his death in 1959. Television presented an Arts Council film about him introduced by Sir Hugh Casson last Sunday. The newspaper sponsoring the exhibition has been filling its Colour Section with reproductions of paintings by "the Sublime Eccentric"; and radio has given us portrait of him in sound, *Angels or Dirt*, narrated by Edward Lucie-Smith and directed by Judith Bumpus (Radio 3, September 12). The exhibition will be discussed on the Arts Page by William Packer. Meanwhile let us consider the lineaments of the artist's personality traced so fully in the radio programme.

It was not the first time that radio has dealt at some length with Spencer. In May 1975, the BBC broadcast *The Cookham Resurrection*, a remarkable play

by Peter Everett, who attempted with the help of the actor Donald Pleasance, to enter the mind of an artist whose private fantasies and fetishism became so curiously blended with his visions of the happy crowd and the sanctity of work. This new programme, while by no means avoiding the darker side of Spencer's nature, dealt with it, and the summer aspects, objectively, drawing on the testimony of family and friends, including many residents of the village of Cookham.

One of the most enlightening was the Queen's Swan-keeper, Capt. John Turk, who thought of Spencer as a Cookham man, "truly one of us." As he said this you could hear the sound of the Thames overlaid by the bells of Holy Trinity Church. Cookham.

The Captain recalled the picture, "Swan-upping" (to be seen in the exhibition) painted at a spot not 20 yards from where he was speaking, and inspired by his own father per-

forming this ceremony on the royal birds.

The adoption by Spencer of Swans as figures in several of his Cookham canvases is a perfect example of the way in which aspects of the local scene, without any apparent assertion on his part, acquired a numinous intensity in the finished picture. He was not so much a symb-

of-experience of having her portrait painted by Spencer, and the infinite slowness with which he worked; which is remarkable when you consider the size and scope of the exhibition. At last when she thought he had finished she turned to her and said: "Now I must ugly you."

Unlike many artists he liked to explain his pictures and to talk in general terms about Life. We heard a snatch or two of his genial dogmatic utterance, tinged with Cockney, from the sound archive. Another speaker, Lois Colles, whose father wrote the first biography of Spencer, confessed to finding his non-stop exposures rather tiresome.

After this wealth of personal recollection from people who knew Spencer well, the programme touched fleetingly on his significance as a painter. His reputation does not extend as yet very far beyond these shores, and here there are still some widely diverse assessments of his importance. We

are still some widely diverse assessments of his importance. We heard dedicated Spencerians like Carel Weight and Graham

Ovenden making a case for him as a painter of people in groups and a man of visionary genius, followed by John Willett attempting to cut him down to size in the light of his contemporaries on the Continent. Happily, for the next few weeks, we can all test these opinions for ourselves by paying a visit to Burlington House.

It is not every day that listeners have the opportunity of quizzing the Director-General of the BBC but in this week's *Tuesday Call* (Radio 4 UK, September 16) the subject was the BBC with Sir Ian Tetherton to answer the phoners-in. He

strongly resisted the idea of advertising revenue to prop up the BBC's services, but at the same time defended saturation coverage of events like the Presidential nominations. Sir Ian began his career as a political reporter and interviewer and as his performance made clear he has lost none of the disarming, plausible fluency of his earlier trade.

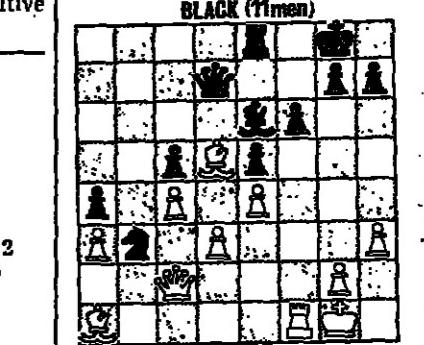
East dealt at game to North-South and opened the bidding with one diamond, I, in the South seat, doubled, and West said one spade. Whatever the merits or demerits of West's action, this would have made it difficult for me if my partner passes. As it was, full of trust and the fighting spirit, she made the somewhat unorthodox bid of one no trump. When this was passed up to me, I bid two spades, a bid I would not have dared to make with some partners, and this became the final contract.

I won West's diamond King with dummy's Ace, ran the heart Queen, which held, and continued with the Knave, which was also allowed to win. I switched to the club five, and East, seeing that I could discard dummy's other club on the heart Ace, at once played her Ace, and switched to Ace and another trump. West took the second lead and led a third spade. I won and drew West's remaining trump. The contract was safe—could I make any overtricks? The club Knave fell when I cashed the King and Queen, but the heart King, as I expected, did not fall. However, 140 points for two spades plus one proved to be the second best score, beaten only by one North-

I have altered the positions for convenience. With East-West vulnerable my partner, sitting East, dealt and bid one diamond, South said one spade, and I raised to two diamonds, North said two spades, East said three diamonds, and South completed with three spades.

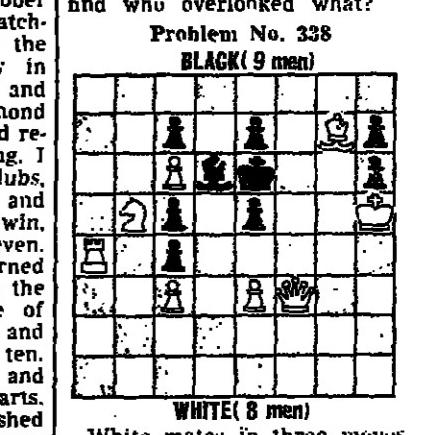
Whatever one does at rubber bridge, it is obligatory at match-pointed pairs not to allow the opponents to play quietly in three spades, so I doubled, and all passed. I led the diamond three, East took her Ace and returned the four to my King. I switched to the Knave of clubs, dummy's Queen covered, and East correctly allowed it to win, dropping an encouraging seven. The spade ten was returned from the table. I won with the Queen, and led the nine of clubs, dummy played low, and my partner won with the ten. She then cashed the Ace, and switched to the three of hearts. The declarer finessed, cashed her Ace of trumps, and conceded one trick to my King of trumps, for a penalty of 340 points. This again was the second best score—again one pair with our cards had reached three no trumps on a combined 21 points, and with everything right had made a contract which could have been defeated.

Problem No. 338
BLACK (11 men)



S. J. E. Knott v B. Cafferty, Grievson Grant British Champion 1980. The game continued from this diagram 1-B3-K1-R1: 2-Q-KB2-R-QN1 and the players agreed to a draw, seeing no realistic break-through chance for either side. But somewhere during this move sequence one of them missed a winning coup. Can you find who overlooked what?

Problem No. 338
BLACK (9 men)



White mates in three moves at latest, against any defence (by H. Moser). Basically this is a rather simple problem—but fail to spot the idea and you can be at work for hours. Of course 1-P-K4?? is no solution but an immediate draw by stalemate.

Solutions Page 14

ENTERTAINMENT GUIDE

THEATRES

STRAND, 01-835 2626. Evenings 8.00. LONDON'S RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE COOKIES. By David Hockney. Stratford-Upon-Avon. Royal Shakespeare Theatre. (76) 2277. Info: COMPANY IN AS YOU LIKE IT. Today. Mon. Sept. 27. Mat. 2.30. DINNER AND JULIET. Wed. 7.30. Thur. Mat. 2.00.

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Jurek Martin reports from Washington on the U.S. election

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Saturday September 20 1980

Looking glass economics

MRS. THATCHER is reported to be in a rage, and it is not surprising. Measures designed to produce a measured squeeze through monetary control have apparently resulted in a manufacturing slump and a monetary explosion. The Government is under attack from the right as well as the left. The CBI Council, which seldom pronounced on anything as a body, has called for a cut in interest rates to relieve the private sector of intolerable burdens. There are calls for both higher and lower taxes. The Cabinet is glumly sitting tight.

Momentum

The Government's central difficulty is clear. There can no longer be much doubt about the seriousness of the slump in manufacturing activity and in profits. The closures continue relentlessly, and we are into the season when the announcement of company results is bringing home to the markets the reality of the profits collapse so correctly forecast by the National Institute and the Bank of England, among many others. The financial markets are now the scene of a tug-of-war between the forces of money and the forces of reality. There are enough funds available to keep share prices moving up, but the realities suggest they should fall. Every few days the market's momentum is interrupted by more bad news, with GKN now playing the former role of ICI; between news items, money rules again.

Explanation

Elsewhere in the economy, however, there is no sign at all of a flood of money. Retail sales stagnate, the house market is near a standstill. One possible explanation is that the rise in the retail price index underestimates the rise in the cost of living, since it is unavoidable charges—mortgage payments, rents, rates, fares and fuel—which have risen most steeply. Equally, of course, the fear of unemployment, now facing people in many previously sheltered occupations, is breeding a deep anxiety about spending. Money piles up in bank accounts rather than circulating; traders, short of sales, are forced to borrow more. Thus one strong reason for a rising money supply is that it represents a peak of savings and distress borrowing—an effect of slump rather than of boom. The financial markets are flush, but goods, in spite of price cuts, sit on the shelves.

Monetary economists have always been aware of this effect, which is why they have always laid stress on the long-term growth of the money supply rather than its growth month by month. When the system

Borrowing

No-one is sure of this cheerful possibility, however, and meanwhile the air is thick with suggestions for policies which seem to come straight from a looking-glass world. Those who concentrate on excessive Government borrowing call for a tax increase to stimulate the real economy. Others suggest a cut in interest rates to reduce credit growth. A former Heath adviser, in a City circular, commends an old-style dash for growth. It is likely to be some time before the fog clears.

Value of pensions

From the Deputy Chairman, Metropolitan Pensions Association

Sir—Eric Short's article (September 11) and his comments on the Government Actuary's assumptions, and those of the Centre for Policy Studies, serve to emphasise how sensitive the calculated "value" of public sector pensions and their inflation proofing is to the assumptions made.

A different insight to the problem can be gained from starting from a zero inflationary era and then adding back inflation. The Government Actuary's assumption is for a long-term yield of 10 per cent with inflation at 7½ per cent. Accordingly, the real rate of return he is assuming in a non-inflationary era is 3½ per cent. Similarly, he is assuming a real rate of wage or salary increase of 1 per cent per annum.

A 1 per cent real rate of increase in wages and salaries in a non-inflationary era is the sort of low many actuaries might assume. In fact, if we look at the past 20 years, the increase in average industrial male earnings in each year has exceeded the increase in the Retail Price Index in the relevant year on average by a figure much closer to 2 per cent than 1 per cent.

To assume a 2½ per cent annual increase in real wages would accordingly be too high, but it does lead to some simple arithmetic which establishes a principle the Government might consider.

Thus, by assuming that wage increases and interest rates are the same at 2½ per cent per annum, the effect of the two cancel out and the "cost" of a funded pension of a single year's 1/80th of final pay is, as a percentage of today's pay, 1.25 per cent multiplied by the annuity rate at age 60 calculated on a 2½ per cent basis. For men, that is 1.25 per cent x 13.515 plus, for their retirement cash, 3.75 per cent = 20.5 per cent. For women, the figure comes to 25 per cent. However,

WITH six rounds or weeks to go, the American presidential contest is tough, mean, dirty and even; the third man in the ring is not the referee; and what happens out of immediate range of the flailing fists could determine who eventually has his hand up in triumph.

Not since the Kennedy-Nixon confrontation of 1960 has it been so hard to pick a winner so late in the game. Even in 1968 and 1976, both ultimately close contests, the rallies of the losers, Humphrey and Ford, came too late to affect an outcome settled in much earlier rounds. Not for a long time have the final judges, the American public, been so uncertain in their opinions and so disenchanted with the options. As it currently stands, they will not even have the opportunity of sizing up the merits of the contenders face-to-face, for the first televised debate between the candidates tomorrow night will be staged with the defending champion elsewhere.

Already the self-appointed

opinion-makers in Washington and New York are wringing their hands over the probability that this election, in which important philosophical differences divide the candidates, will be determined without the elevated discourse on the great issues of the moment they feel is desirable. They forget that it is often thus: Truman came from behind to beat Dewey in 1948 not through force of argument, but through hard-nosed blunt politicking. Kennedy and Nixon were mostly involved in trying to "out-hawk" each other (over Quemoy and Matsu) in 1960. Ford's slip of the tongue over who really controlled eastern Europe in 1976 was hardly the ever-riding issue of that year.

American presidential elections, in fact, tend to be decided by public perception of the character of the contenders.

This is accentuated in 1980 by the palpable decline in the power of political parties and by the enhanced role of the media, above all television, in shaping these public perceptions. Subsidiary to this factor, but critical in any close race, is a complex set of elements such as the state of the economy and foreign policy, regional shifts in power, the quality of campaign organisations, the mood of the country, and at least one which is immutable, the Electoral College system of electing a president.

In a society such as the U.S., which has always lavished attention on its leaders, it is the personality of the candidate, as seen by the public at large, which is the most important.

Again this year, there has been something of a role reversal with the two principal contenders, Jimmy Carter and Ronald Reagan. Mr. Carter's success in 1976 was partly attributable to the moralistic strain that underpinned his campaign: indeed, some of the troubles of his Presidency may be explained by his excessive application of this same philosophical approach. But his

Mr. Reagan, on the other

hand, seems to have moved in the other direction. Nobody has ever accused him personally of not being a "nice" man, but it was a "golf club" gentility, secure in its wealth and privilege. Moreover he was surrounded by, and (some say) run by, hard, even vindictive conservatives, imbued at best with a narrow fervour and a lack of comprehension of the problems of the less fortunate.

The Carter assault seems genuinely to have been an affront to him. It has also thrown him completely off stride, at least temporarily. It has brought out his niceness, and even induced sympathy for him, but it has blurred the focus of his own campaign designed to exploit Mr. Carter's performance at home and abroad.

The possible beneficiary in the nastiness between the two front runners is, of course, Mr. John Anderson, the independent candidate, if for no other reason than that such bias is foreign to his soul.

His support is now holding steady at about fifteen per cent nationwide; if this holds up he

would do better in terms of the popular vote than any independent contender since Teddy Roosevelt in 1912.

But the trouble is his lack of a base: it is hard to see a single state of the union preferring him over Mr. Carter or Mr. Reagan.

Yet nobody disputes that he

could determine the ultimate winner. It is axiomatic that he draws more from disaffected Democrats than Republicans and thus hurts the President more, especially in the critical big states: this is why Mr. Carter is trying to pretend Mr. Anderson does not exist as a serious candidate by refusing

to join in debate.

But if his support dwindles, then it is the Republicans who may have most cause to worry. He could yet attract enough votes from Mr. Reagan in the affluent suburbs of cities like Philadelphia and Chicago to make a difference.

It is hard at this stage to discern how the public is reacting to all this. It appears broadly true that Mr. Carter is not well liked, that Mr. Reagan does scare people and that Mr. Anderson is not well enough known. But the mood of the country also reflects the facts of every day life, above all the state of the economy — once Mr. Reagan's obvious strong suit.

The recovery that now seems in train may yet help Mr. Carter if people begin to feel more optimistic about the future.

However, it is worth remembering that in 1976 Mr. Ford was also in a position to brandish improved economic prospects, especially reduced inflation, but it was not enough to eradicate the bad memories of high unemployment, running at over eight per cent in the closing months of the campaign.

This is important because the real electoral battlefield this year is in the big states, as is always the case. No recent

President Ford carried every state west of the Mississippi river (except Hawaii and Texas). Mr. Reagan is likely to add Texas to his column, while the Carter camp expresses only hope—not much more—that California, Oregon and Washington can be "pried loose". If not, then at least 150 Electoral College votes seem secure for Mr. Reagan.

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Nothing like a foreign crisis

have repeatedly said of late that the one thing that really worries them is the prospect of Mr. Carter pulling off an October surprise abroad.

Some cynics, noting the absolute determination with which Mr. Carter is running, are even suggesting that the President would manipulate negotiations with Tehran, much as it was alleged that President Nixon and Dr. Henry Kissinger held out the prospect of a ceasefire in Vietnam before the 1972 elections, only to resort to bombing Hanoi once triumph at the polls had been secured. There appear no grounds for this suspicion at present, but there is a better basis for believing that Mr. Anderson causing real problems for the President in states like New York (where Anderson has shown a pronounced shift back to the President in his backyard (excluding Virginia, which went to Mr. Ford four years ago)).

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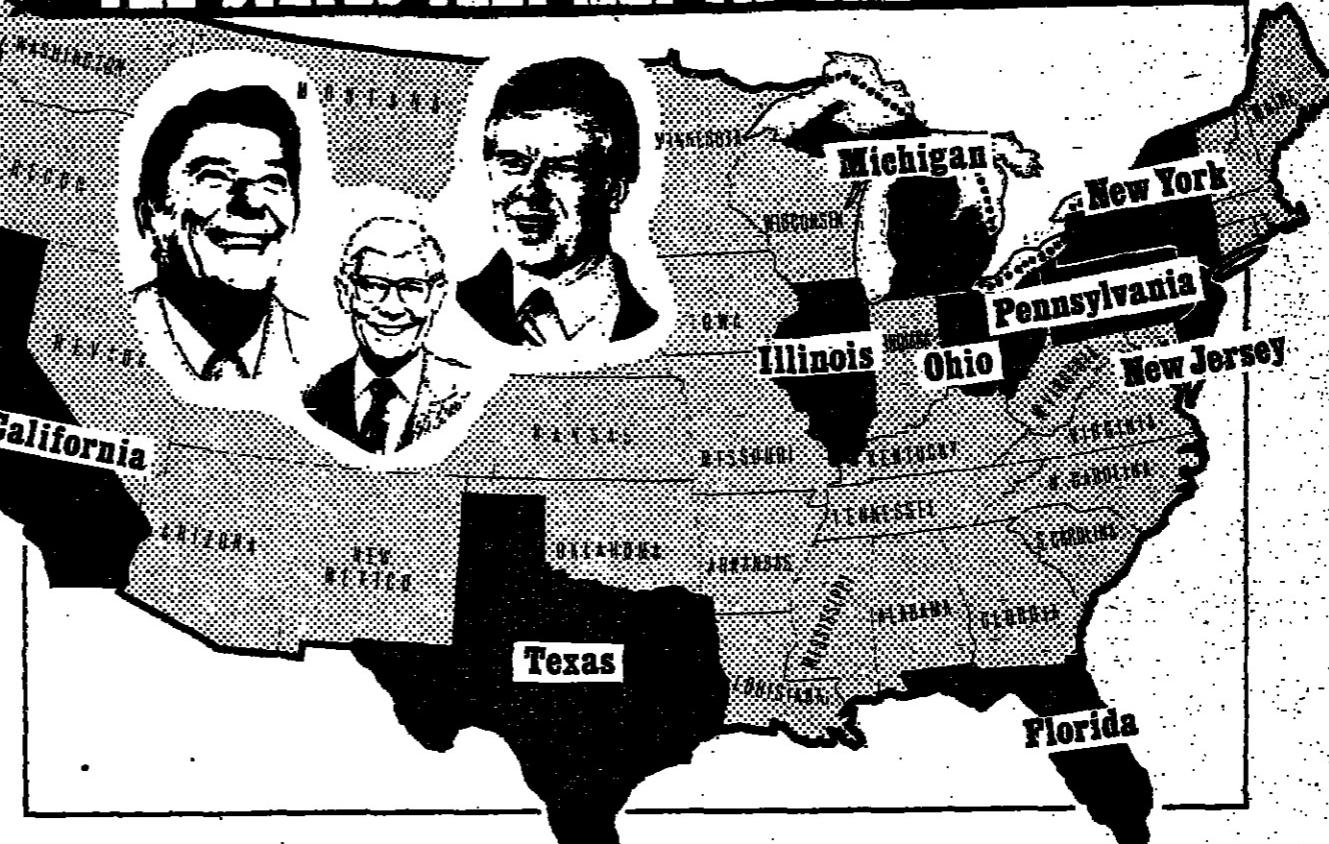
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The intangible factor in a tough, mean campaign

THE STATES THAT MAY TIP THE ELECTION



campaign was also thoroughly professional and he had made a very close study of electoral politics.

In 1980, the professionalism persists: whatever its other defects, the Carter "clique" knows how to win elections. Mr. Hamilton Jordan, the President's political confidante, and Mr. Robert Strauss, his campaign chairman, comprise quite simply the best political tactical team

high-toned quasi-religious moralism that served Mr. Carter so well four years ago is distinctly taking a back seat.

Mr. Carter's aim now is to make the character and record of Mr. Ronald Reagan, not the President's own record in office, the issue in the election. Mr. Carter has not hesitated in recent days to infer—his protestations to the contrary at his Thursday press conference notwithstanding—that Mr. Reagan harbours racist beliefs. He is a simpleton, who has to be protected by his advisers from the consequences of his mistakes and is a potential war monger to boot. It may be a reasonable political tactic given the imperative, for Mr. Carter, of holding together the fragile constituency that elected him in 1976. But it has been executed ruthlessly, at times crudely and in a manner which has removed the last vestiges of the moral aura in which the President previously cloaked himself.

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hand, seems to have moved in the other direction. Nobody has ever accused him personally of not being a "nice" man, but it was a "golf club" gentility, secure in its wealth and privilege.

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Public rift for a private family

THE Rothschilds have always given freely, yet of all the qualities that distinguish them—generosity, nobility and sheer vitality—one is more or less scintillant, even today, than the cardinal principle which the founders implanted in his five sons' solidarity. "All Rothschilds still accept the belief: 'A family that works together is invincible.'

The quotation—taken from a recent history of this famous European family by Virginia Cowles—seems strangely at odds with the events of the past week.

Last Monday, a family row between two branches of the British Rothschilds—which had been simmering for months burst into the public arena.

The extraordinary thing about this dispute was that it concerned the use of the name Rothschild in two British companies, both of which are led by cousins bearing the famous name.

But by the end of the week the Rothschilds had enough of publicity. The ranks began to close, and the two main protagonists—Mr. Jacob Rothschild, chairman of the quoted company which until now has been called Rothschild Investment Trust, and Mr. Evelyn de Rothschild, chairman of the merchant bank, N.M. Rothschild and Sons, a major shareholder in the bank's privately owned holding company, were taking up their hatchet.

Shareholding links between the two businesses are to be severed, and Mr. Jacob has agreed to change the trust's name to RIT Limited, while continuing to use his name in some of the subsidiaries.

It seems extraordinary that people should argue about the use of a name, particularly when it is common to both sides. But the Rothschild name is different. The reason lies in the history of a family whose founder laid down very precise

rules about who could call himself a Rothschild.

Both Mr. Jacob and Mr. Evelyn are direct descendants of Mayer Amschel Rothschild, a German Jew who first started a money-lending business in the Jewish ghetto of Frankfurt about the middle of the 18th century.

Mayer had five sons, one of whom, Nathan, was to come to England in 1793 to secure supplies of cotton for the family business which by then had moved into general trade as well as banking.

Nathan arrived in Manchester with a few letters of introduction and not a word of English. But he had at least £10,000 in cash with him, and a promise from his father that if he did well he would get more.

He became a naturalised Englishman in 1809, and the following year he established his own bank under the same name that it is known today—N.M. Rothschild and Sons. The business prospered thanks to Nathan's ingenious financial operations.

While Nathan was prospering in London another brother was building up the foundations of the French Rothschild empire in Paris, while the other three brothers devoted their energies to the original business back in Frankfurt. The brothers worked closely together, following their father's instructions.

A family history published in 1887 paints a good picture of how the Rothschilds thrived during the long periods of instability in Europe in the 19th century.

"As Napoleon's star sank and disappeared, that of the Rothschilds rose and increased in brilliance. When Napoleon was finally crushed at Waterloo, his star vanished for ever, whilst that of the Rothschilds seemed to grow every day in power and to dwarf all others."

"The Rothschilds belong to

no one nationality, they are cosmopolitan, and, whilst on the one hand they provided supplies for the armies of Napoleon, on the other, they raised loans for his foes, who used the funds thus obtained in defraying the cost of their campaigns against him; they belonged to no party, they were ready to grow rich at the expense of friends and foes alike."

Nathan, or "N.M." Rothschild died in 1836 and was succeeded as head of the UK family by one of his sons, Lionel, who became senior partner of the bank, where he remained as his brothers.

Much of the bank's business was then concerned with raising loans for foreign governments and projects. In 1838 a large loan for the U.S. was floated; in 1845 the Paris and London banks raised the finance



Founders of the House of Rothschild, Mayer Amschel (left) and Nathan, and two modern cousins, Mr. Jacob and Mr. Evelyn (right).

for the French Northern Railway; in 1854 the London bank floated a £16m loan to finance the Crimean War. Altogether, during the 43 years Lionel was head of N.M.R. Rothschild, he is said to have raised over £1bn in foreign loans, Prussia, Russia, Portugal, Greece, Holland, Belgium, France, Hungary, Egypt, Turkey, the U.S., Brazil, New Zealand all came to the Rothschild of London for money.

Social respectability soon followed the financial success of the British Rothschilds. In 1858 Lionel became an MP. But some years later when Prime Minister Gladstone suggested to Queen Victoria that a peerage might be appropriate, Victoria is said to have been deeply shocked, saying that such a step would "be ill-advised and would do the government great harm."

But the Rothschilds had powerful and persuasive friends in Disraeli, Gladstone, the Prince of Wales, and others. In 1885, Lionel's son, Nathaniel, became the first Lord Rothschild. Jews all over the world were thrilled at what they regarded as a triumph over prejudice, a step towards social equality," writes Virginia Cowles.

Ironically, in the aftermath of the First World War the English Rothschilds turned out to be the hardest hit financially. Estate duty following the deaths of Lord Rothschild and his brothers had depleted the resources of N.M. Rothschild and Sons. Slowly many of the family's huge London houses came up for auction, or demolition. That process has continued over the years.

Eventually, change came to the Acquiring Houses Committee. In 1960 the firm, still a partnership, accepted the first outsider as a partner. In 1970 it became a limited company. By now the main personalities had changed. Mr. Evelyn de Rothschild had inherited the largest single shareholding in the business on the death of his father, the third Lord Rothschild, in 1961. Mr. Evelyn is said to have been convinced that only drastic

reorganisation could put the bank back in the forefront of British banking. The man who became most associated with that change was Mr. Jacob Rothschild, Mr. Evelyn's cousin.

Mr. Jacob introduced a new department of corporate finance to the bank and presented an aggressive image of himself and the bank to the outside world.

Conscious perhaps that he might one day need his own business Mr. Jacob built up an institution which was to become a public company called Rothschild Investment Trust.

During the period from 1967 to 1975 Mr. Jacob was undoubtedly the main figure in the public eye at Rothschilds. Mr. Evelyn appeared to be playing a subsidiary role.

In the mid-1970s, however, the power structure at the bank was to change dramatically. Lord Victor Rothschild, Mr. Jacob's father, became bank chairman. After only a year he passed the chair to Mr. Evelyn.

Slowly but surely the image and character of the London bank began to shift back to that of a traditional London merchant bank. It drifted from the lime-light, and did not encourage press interest in its affairs.

Today N.M. Rothschild is part of the City of London's banking establishment. It is one of the members of the Accepting Houses Committee, traditionally regarded as the elite club for merchant banks.

But it has to be said that the Accepting Houses Committee encompasses little more than a handful of banks whose names immediately spring to mind as the most important merchant banks in the City. N.M. Rothschild is by no means at the top of the first division. The Rothschild bank's annual report, released yesterday, shows shareholders' funds of a mere £40m, though this figure is probably substantially understated by the bank's secret

reserves. The balance sheet total (gross assets) is £684m, and that compares with totals of £2.4bn at Kleinwort Benson, £1.8bn at Schroders, £1.7bn at Hambros and over £1bn at Hill Samuel and Morgan Grenfell.

With the bank no longer under his main direction, Mr. Jacob Rothschild has put his energies into the development of Rothschild Investment Trust, which operated from the same

building as the bank.

The Trust soon became a rather glamourous financial vehicle which seemed to be going places. It took unusual stakes in business like Sotheby's, the fine art auctioneer, and Wedd Durlacher, the stock jobber. The financial crash of 1974-75 had an adverse effect on its fortunes although since 1977 its net assets have risen from £40m to around £100m.

The expansion of RIT obviously caused worries within N.M. Rothschild. These were not allayed when it was announced in August of last year that Reliance, the U.S. insurance group headed by Mr. Saul Steinberg, was paying £16m for a stake in the Trust.

Mr. Steinberg, 41, is still regarded as one of the more controversial takeover kings in the U.S. His first business, Leasco Leasing, was founded in a Brooklyn loft in the 1960s. Despite this unconventional background Jacob Rothschild is a great admirer of Mr. Steinberg.

But RIT's link-up with Reliance was only one in a long series of events over the past five years, and particularly in the past 18 months, which made an eventual parting of the ways inevitable. One Rothschild described the whole affair like this yesterday: "Evelyn simply wanted to be master in his own house. And that is perfectly natural."

* The Rothschilds. A Family of Fortune, by Virginia Cowles. Weidenfeld and Nicholson, £10.

International Stores bids to make new money from fresh food... Britain's pirates of the air waves... and Trinidad's industrial push

Weekend Brief

A fresh view in store

The decision to call off the proposed docks strike came as a welcome bonus for Christine Harris, a 30-year-old American and former Harvard Business School researcher who this week entered the fiercely competitive world of grocery retailing with the launch of a new chain of fresh food shops called "Country Markets".

Fresh foods were one of the likeliest early casualties of a docks strike and although it was unlikely that the first "Country Markets" store—which opened at Salisbury in Wiltshire on Thursday—would have been much affected, the threat did emphasise that the success or failure of any new retail venture can be in the hands of the Gods (or in this case the Transport and General Workers Union).

Ms. Harris, however, is not going it alone in the food trade since she has the backing of International Stores, the supermarket subsidiary of the giant tobacco multinational, BAT Industries. International has gone from bad to worse since BAT's acquired it in 1972, as the major grocery chains—Tesco, J. Sainsbury, and Asda—have fired salvo after salvo in the High Street price war.

One of the consequences of its last management reshuffle some 18 months ago was the setting up of a special "think-tank" of young high fliers who could initiate new developments and successfully carry them through. Such a job proved irresistible to Christine Harris, who had spent the previous four years working for Marks and Spencer, one of Britain's most successful retailers. Before joining M & S, Ms. Harris—a native of Wisconsin—had worked for the U.S. retailers Sears Roebuck and researched and written case studies of successful retailers for the Harvard Business School. (M & S was one of her case studies—before they offered her a job).

Ms. Harris had to take account of two main factors—International's legacy of small stores, and the changing pattern of grocery retailing. During the 1970s, supermarkets had expanded from their traditional base of packaged groceries into non-foods such as clothes and electrical goods which earned higher profit margins. Their was also a move towards selling more fresh foods which were slightly more profitable than packaged groceries, in spite of the extra operating costs of selling them.

But over the past year or so, the collapse in demand for consumer durables has meant that supermarkets have devoted an increasing amount of selling space to fresh foods.

Christine Harris, however, believes that she has formulated a different approach. Instead of selling fresh foods as part of a larger supermarket operation, she has put together a comprehensive range of fresh foods—fruit and vegetables, meat, bakery, dairy, and delicatessen—as well as "extras", such as an off-licence, plant shop, and snack bar—in one High Street VHF system, but the smug



Christine Harris: small stores, big ideas.

store. Thus, she hopes to combine the advantages of a supermarket style operation—such as bulk buying and shared overheads—with the convenience for the shopper of not having to go to separate shops or face a reduced choice in a normal supermarket.

Her trading formula—which is a minority sport and that no other national supermarket chain has yet copied—also helps solve International's problem of what to do with its small stores which cannot sell packaged groceries economically.

The Salisbury store will be followed by two more before Christmas and, if these prove successful, a chain of 50 or so "Country Markets" is envisaged. Christine Harris herself has not yet made any plans for her future—she acknowledges that the success or failure of the new venture will determine that.

Air waves

and

Bright Eyes

One of the less amusing aspects of the British rush to holiday in the U.S. this year as far as the UK Government is concerned is the flood of Citizen Band transmitters and receivers that have arrived with the sun-tanned homecomers. CB, you may recall, is a system of personal communication, illegal in Britain, usually installed in cars and lorries enabling drivers to talk to each other.

British Government resolve to keep CB out weakened somewhat earlier this year when the Home Office said it was considering what it calls an Open Channel system. It invited comment by the end of November and promised a decision after that. At the moment the Government favours a frequency around 922 MHz, probably for the good reason that this part of the airwaves is so difficult to use that no-one else wants it.

So widespread is the CB business these days that there is even a CB magazine, produced by Link House and inevitably named Brighter. Editor Richard Nichols, who had trouble convincing W.H. Smiths of the pub-

The call of the Caribbean

Long before Columbus set eyes on the vast marshes of Trinidad's west-central coast the indigenous Carib and Arawak Indians had decided that it was unsuitable for settlement. They passed swiftly through the flat swamps bearing their catches of fish to more congenial surroundings.

Trinidadians today point out the irony of that story. For the 2,000 acre site with one leg in the central sugar belt and the other on the sea shore is rapidly turning into a vast complex for major energy-based industry and its lighter spin-offs.

In line with their image as the "Arabs" of the Caribbean (by 1982 oil production from land wells and marine deposits in the Gulf of Paria and off the east coast are expected to reach 11.8m barrels) the Trinidadians have already set aside an estimated TTS120m (£21m) to pay for the first two phases of the Point Lisas Industrial Estate and Port.

In a country where the main roads are pitted with potholes, where power cuts are an everyday occurrence and to telephone abroad takes more time and requires more patience than most of us have got, the Point Lisas scheme is not without its critics.

The landlord at Point Lisas is the Point Lisas Industrial Port Development Corporation (Plipdeco) whose issued share capital of just over TTS12m is 81 per cent owned by the Government, 17 per cent by other statutory bodies and 2 per cent by Trinidad and Tobago citizens.

Major energy based industries lined up for Point Lisas include the Iron and Steel Company of Trinidad and Tobago, which is already in production; Fertrin, a company formed jointly between the Government and Amoco in 1977 to produce fertilisers; a methanol plant, and an aluminium smelter.

The Plipdeco board of directors envisages a host of spin-off industries supporting and being supported by the major concerns. One day 400 acres of reclaimed land as yet unclaimed land beside the present site will provide homes for 20,000 people, 6,000 of whom will be employed in the major industries and the supporting spin-off and service industries. Plipdeco dreams of a new city with schools, leisure centres and facilities for business.

Contributors:
David Churchill
Arthur Sandies
Pat Walker

TODAY — National Savings monthly figures (August).

TOMORROW — Mrs. Margaret Thatcher speaks at Franco-British Council meeting, Bordeaux.

MONDAY — Mrs. Margaret Thatcher begins official visit to Greece, European Parliament's Committee on External Economic Relations opens three-day public hearings in Cambridge to include Europe's car industry and EEC-Commonwealth trade problems. Confederation of British Industry monthly trends (September). New construction orders (July).

National Food Survey report on consumption (first quarter). Gross domestic product (second quarter provisional).

TUESDAY — Unemployment and unfilled vacancies provisional figures (September). Meeting of EEC Budget Council, Brussels—expected to discuss draft of 1981 Community Budget and to meet European Parliament's Budget Committee. General Conference of UNESCO opens in Belgrade. New vehicle registrations (August). Mr. William Whitelaw, Home Secretary.

opens two-day conference on "How to Beat the Vandal" Imperial College, London.

WEDNESDAY — Mrs. Margaret Thatcher begins three-day tour of Yugoslavia to talk with leaders and visit steel and petrochemical plants. Sir Geoffrey Howe, Chancellor of the Exchequer, attends two-day Commonwealth Finance Ministers meeting, Bermuda.

Foyles Literary lunch in honour of Mr. Denis Healey, Shadow Chancellor of the Exchequer, Dorchester Hotel, London.

THURSDAY — Official opening of Hunterston "B" Nuclear Power Station by Sir Monty Finniston.

FRIDAY — Mr. James Callaghan, Labour Party Leader, addresses rally at CWS Central Hall, Manchester. Car and commercial vehicle production (August final). Sales and orders in the engineering industries (June).

SATURDAY — Labour Party Conference opens, Blackpool.

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New Capital Bonds guarantee you extra interest at the rate appropriate for the initial term you select. And you get all your extra interest right from the start. Enjoy Nationwide's highest ever rate.

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WIDER CHOICE

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guaranteed for the initial term and the present interest rates based on our current Share rate of 10.50%.

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STC up 43% and confident

A SUCCESSFUL maintenance of margins despite inflationary pressures has helped Standard Telephones and Cables lift its taxable profits by 42 per cent in the first half of 1980.

The surplus for the 25 weeks to June 22 was £22.5m, compared with £16m for 24 weeks last year.

The directors remain confident of prospects for the full year and say that while no company can avoid the impact of a prolonged recession, they are taking steps to maintain the group's profitability and advance its technologies for the future.

The interim dividend is

doubled to 4p net to reduce disparity—last year's total payment was 8p from pre-tax profits of £33.4m.

First-half turnover rose from £187.2m to £256.4m, comprising £159.4m (£106m) from the telecommunications and electronics division and £97.8m (£81.2m) from components and distributors.

Nearly half of the telecommunications and electronics turnover represents work for the Post Office. Orders for the semi-electronic TDX4 exchanges have been building up strongly and will continue at a high level for the next four years.

STC has also won a number of major contracts for laying submarine cables over the past 12 months and it says the order book is particularly strong.

Income from trading, after depreciation of £6.3m (£5m) improved by £8.7m to £82.9m. Interest charges were up £2m to £5.4m and the pre-tax surplus also included associates' profits of £0.3m (£0.2m).

A higher tax charge this time of £9.1m (£3.5m), reflecting lower growth of stocks and work-in-progress and consequently lower stock appreciation relief, leaves the attributable profit at

£13.7m (£12.5m). Earnings are shown at 13.7p (£12.5p).

The outlook for the telecommunications and electronics business is supported by a good order position, both from UK customers and in export markets say the directors. The components activities, with much shorter lead time on orders, are more vulnerable to the deepening recession, but are still showing satisfactory performances.

The ultimate holding company is International Telephone and Telegraph Corporation of the U.S. Lex, Back Page

Laporte falls to £5.5m midterm

AFTER REDUNDANCY costs of £2.27m, against £417,000, and interest up from £1.25m to £1.63m, profits before tax of Laporte Industries (Holdings) fell from £2.52m to £2.46m in the 26 weeks ended June 29, 1980.

The group, a major chemical manufacturer, suffered from a very poor UK market, with sharply rising costs and the strength of sterling leading to heavily squeezed margins in overseas markets, Mr. R. M. Ringwald, the chairman says.

He is not predicting the second half outcome, but says the third quarter shows a continuation of the poor sales performance of the second quarter.

Statutory earnings per share in the first half are down from 9.65p to 1.60p, but the directors are maintaining the interim dividend at 3.5p. The chairman says the cost of the dividend will fall directly on revenue reserves, but

the payment is unchanged mainly because the trading results before rationalisation costs, have held up reasonably well.

A decision on the final will only be taken when full year results are known, "together with prospects for the following year. In 1979, the group paid a total dividend of 8.75p from record pre-tax profits of £16.5m."

Full year action has been made in the half yearly accounts for the redundancy and closure costs to be incurred in 1980 in Stainesborough, amounting to £2m.

The petrochemical business has so far held up well. The results include substantial losses incurred in the start up period to be incurred in 1980 in Stainesborough, amounting to £2m.

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of less than buoyant demand, the chairman says.

External sales: 25 weeks 1980 £101,778 92,522 2000 £65,552 60,752

Laporte: 25 weeks 1980 £5,358 10,133 2000 £4,085

Trading profit: 25 weeks 1980 £3,177 4,085 2000 £2,528 5,230

Principal interest: 25 weeks 1980 £833 886 2000

Other associates: 25 weeks 1980 £2,270 417 2000 £1,622 1,246

Interest: 25 weeks 1980 £6,458 5,520 2000 £4,708 4,800

Profit before tax: 25 weeks 1980 £4,708 4,800 2000 £1,622 1,246

Extraordinary debts: 25 weeks 1980 £691 549 2000

Preference dividends: 25 weeks 1980 £16 16 2000

Attributable: 25 weeks 1980 £4,318 3,818 2000

Ordinary dividends: 25 weeks 1980 £1,963 2,197 2000

After normal depreciation: 25 weeks 1980 (£2.71m) and £14,000 transfer from investment and development grants account. £ Profit.

• comment

The 8p fall in Laporte's price to 97p suggests that despite bearish suspensions at year end which underlayed the poor

Increase by Assam Frontier

TAXABLE PROFITS of Assam Frontier Tea Holdings showed a jump to £1.63m for the year ended June 30, 1980, compared with the depressed figure of £216,308 for the previous 12-month period. For 1979, profits reached £22,368.

Turnover for 1979-80 was £9.37m, against £11.66m last time. Tax took £1.19m (£305,857) and there was a turnaround from an attributable loss of £41,868 to profits of £394,327.

The dividend is lifted to 10p net per £1 share (5p for 18 months) while earnings per share were 29.56p (13.53p loss).

Lex, Back Page

Euroferries forecasting higher profit and dividend

DIVIDENDS ANNOUNCED

Date	Corre-	Total	Total
Current	payment	of	last
Assam Frontier Tea	10	10	5
Breedon & Cloud H. Int.	2.63	—	7.25
Camrex	int. Nil	—	1.64
Desoutter Bros.	int. 2.7	—	7.2
European Ferries	int. 1.73	—	4.5
Goodman Bros.	int. 0.96	—	0.96
Laporte	int. 3.5	—	7.75
Liberty	int. 0.4	—	3.4
Molins	int. 2.2	—	5.12
Northern Ind. Tech.	int. 5	—	8
Dividends shown per share net except where otherwise stated.			
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.			
§ Final of 3.45p intended.			

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§ Final of 3.45p intended.

First half profits from the shipping division dropped from £3.4m to £1.38m, the results being adversely affected by a downturn in freight traffic and intense competition in tourist and commercial tariffs.

Tourist traffic showed useful increases despite the French fishermen's blockade, the directors add. Harbours operations contributed £865,000 against £622,000.

Property and financial ser-

vices were down at £1.49m (£2.68m) but property profits will benefit from the sale of the development at High Holborn which will contribute some £15m to the full year results.

There are several smaller UK developments nearing completion and it is expected that the

group's joint venture in Denver, Colorado will begin to contribute profits in 1981.

Apart from ACT on dividends and a small amount of foreign tax, there will be no tax on profits for the year, the directors add.

Lex, Back Page

First half slip for Desoutter

FOLLOWING A decline in UK orders towards the end of the first half of this year, interim pre-tax profits of Desoutter Brothers (Holdings), precision engineer, slipped to £1.45m against £1.94m.

The directors say it will be more difficult to maintain a similar level of profits in the second half because of a possible fall off in export orders and the continuing strength of sterling. Profits before tax for the whole of 1979 were £3.82m.

Sales in the first six months rose to £12.64m (£10.75m) and tax took 20.77m (£1.01m).

The interim dividend is held at 2.7p, absorbing £253,000 (252,000)—last year's final was 4.5p.

Liberty loss but sees early recovery

LIBERTY AND CO., the fabrics and carpets retailer, reports a pre-tax loss of £438,000 for the half-year to August 2, 1980, compared with profits of £204,000 in the same period last year. The interim dividend is being halved to 1.64p.

The directors say it will be difficult to maintain a similar level of profits in the second half because of a possible fall off in export orders and the continuing strength of sterling. Profits before tax for the whole of 1979 were £3.82m.

Market conditions over the next few months will continue to be difficult, they warn, but the current restructuring should improve the group's trading position. Projected results for 1981 are very encouraging, they say.

Due mainly to losses in contracting operations, there was a trading deficit in the first half of £467,000 (£220,000 profit) after interest of £503,000 (£243,000) and depreciation of £27,200 (£27,400). In addition, a provision of £476,000 has been made for future losses on contracts in progress and the valuation of claims on completed contracts.

The pre-tax loss is also struck

ON TURNOVER down by £1.2m at £10.25m, Camrex (Holdings), corrosion engineer, contractor and specialised coatings manufacturer, has plunged to pre-tax losses of £1.02m in the first half of 1980, compared with profits of £29,000 (nil).

An extraordinary debit of £520,000 results from rationalisation of the contracting operations. After minorities losses of £5,000 (£3,000) the attributable deficit is £1.55m (£242,000 profit).

The programme of branch closures in the contracting side is being continued says Mr. Stanley Clarke, the chairman, and a number of unprofitable overseas branches of the paint division have been closed. These measures, together with major reductions of overheads and tighter control of working capital, should start to reflect in the last quarter of 1980, they state. Nothing tangible has emerged from the enquiries received about the possible sale of the contracting operations.

The value of the marine paint order book, which forms the group's main business, is higher than for some years, particularly for 1981 and 1982.

Total borrowings of the group

are not unduly high, say the directors, and all current facilities have been successfully renegotiated. Mr. Clarke says.

• comment

Former Camrex chairman Mr. Roger Wake's confidence that 1980 should show an improvement over 1979 looks to have been a little misplaced. The interim dividend has been passed, the prospect of a final looks slim and interim losses have knocked shareholders' funds down to around £6.5m while borrowings are probably topping £5m. It is to be hoped, then, that the current package of write-offs and closures has stemmed the cash outflow, and the benefit will be seen to emerge by the year-end, by which time the troublesome long-term contracts will be out of the way. At 21p, down 2p, the shares are valued at less than a third of net worth—cheap enough to hold and see whether the new-look company can achieve those "very encouraging" projected 1981 figures. To do so, it should hold the second half to break-even.

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Total borrowings of the group

are not unduly high, say the directors, and all current facilities have been successfully renegotiated. Mr. Clarke says.

Mr. Robert de Keyser has become Brigray's chief executive, while Mr. Michael Biens and Mr. Michael Bancroft are now joint managing directors. The three have also been given an option to buy half of the Welsh Development Agency's (WDA) 32m shares (29.5 per cent) at par for two years.

"I don't see why Brigray should be making monthly profits in the current financial year," said Mr. de Keyser yesterday.

Brigray said that the Board planned to rationalise the company's activities and then develop a policy of internal and

external expansion. An early return to profitability was expected, if added. Two Board members have resigned, and Mr. Corrie Thomas of the WDA has been reappointed.

The Welsh Development Agency will be able to sell its remaining 1.6m shares, not covered by the option, at any time after one year; as long as they are first offered to Mr. de Keyser and his two associates at the disposal price.

Yesterday, Brigray's shares slipped by 1p to 8p, giving it a market capitalisation of £645,000. After leaving Brigray last year, Mr. de Keyser and others bought Rembrandt Designer Collections from the Toray textile group of Japan for £1,000. Losses were then around £500,000, but the company is now in profit and expanding rapidly, he said.

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external expansion. An early return to profitability was expected, if added. Two Board members have resigned, and Mr. Corrie Thomas of the WDA has been reappointed.

The directors say prospects for the current year are unpredictable, but they anticipate another fall in the first half, followed by a slight rise in the second six months of 1980-81.

After tax of £238,322 (£324,379) earnings per 50 share decreased, compared with the second six months of 1979-80.

Ex-Pawson men in move to get Brigray out of red

THREE former executives of the W. L. Pawson textile group have moved into the loss-making Brigray concern in the hope of breaking it out of the red.

Mr. Robert de Keyser has become Brigray's chief executive, while Mr. Michael Biens and Mr. Michael Bancroft are now joint managing directors. The three have also been given an option to buy half of the Welsh Development Agency's (WDA) 32m shares (29.5 per cent) at par for two years.

Speaking after the meeting, the chairman said that the group was in a good financial position to weather the year's difficulties. Although business was down

the last few years but at least the group is containing debt and the return on capital is holding up. Sales of paper and packaging machinery have taken a hammering but the improved Langston product range could bring the division back to break-even in the second half. On the tobacco side there will be much lower level of redundancy costs over the rest of the year and the order book stretches into 1981 but the heavy dependence on export orders remains a worrying feature given the current level of sterling. Molins may make up the lost ground in the second half but taking a more cautious estimate of £10m pre-tax, the share price of 10.5p produces a fully taxed p/e of 6.3. There is strong support from the

WORLD STOCK MARKETS

NEW YORK

Stock	Sept. 19	Sept. 17	Stock	Sept. 18	Sept. 17	Stock	Sept. 18	Sept. 17	Stock	Sept. 18	Sept. 17
ACF Industries	291	291	Columbia Gas	271	25	Gt. Atl. Pac. Tel.	55	54	Schultz Brew J.	86	84
AMF	21	21	Columbia Pot.	281	25	Gt. Basin Pet.	141	141	Shawbargeon	285	284
AM Int'l	11	11	Combusta Eng.	64	51	Gt. West Financ.	211	201	Scott Paper	191	194
AMR	11	11	Comwall Edison	197	194	Grumman	264	264	Scudder Dco V.	137	138
ASA	753	741	Comm. Satellites	44	44	Gulf & Western	201	204	Seafarers	50	49
AVX Corp.	53	51	Gulf Oil	381	401	Hammill Corp.	151	151	Sealed Power	253	241
Alberts Labs	537	532	Hall FB	152	158	Hannamill Ppr.	133	134	Sears Robbeck	174	174
Acme Clava.	33	34	Hanover Corp.	204	204	Hancock Ind.	50	51	Seatraint Lns.	61	61
Adobe Oil & Gas	502	502	Hannover Corp.	47	47	Hanns Mining	35	35	Seatrail Pac.	21	20
America Int'l	302	302	Hanover Corp.	474	474	Harcourt Brace	174	171	Shell Oil	423	426
Akron Ind'l	23	23	Hanover Corp.	203	203	Hartmeyer	16	16	Shell Trans.	39	39
Air Prod. & Chem	501	51	Hans Corp.	244	244	Harris Corp.	456	456	Sherwin-Wins.	381	388
Alcoa	117	117	Hans Corp.	251	253	Harsco	456	456	Signal	457	455
Albany Int'l	341	341	Hecia Mining	451	449	Harto Corp.	426	426	Sigmatone	476	476
Alberto-Culv.	22	22	Helziz (H)	181	181	Haus Corp.	474	474	Singer	115	112
Alecan Aluminum	358	358	Henderson Corp.	81	81	Hawley Corp.	212	212	Skyline	301	291
Aico Standard	343	343	Henco Corp.	201	201	Hawley Corp.	501	501	Smart Ind.	511	501
Alegheny Ludw.	557	562	Hercules	532	54	Hawthorne	357	357	Smith Kline	551	529
Allied Chemical	237	237	Hess Corp.	211	211	Hawthorne	424	424	Sonesta Int'l.	211	211
Allis-Chalmers	32	32	Hewlett Pack.	231	231	Hawthorne	425	425	Sony	158	158
Alpha Corp.	178	178	Hicks Corp.	143	143	Hawthorne	426	426	Sonic	201	201
Aloes	751	724	Hilti	561	561	Hawthorne	427	427	Sonoma	211	211
Amal. Sugar	546	546	Holiday Inns	181	181	Hawthorne	428	428	Sonoma	212	212
Amex	493	493	Holy Sager	64	64	Hawthorne	429	429	Sony	159	159
Amersla Hess	332	342	Honeywell	691	691	Hawthorne	430	430	Sony	160	160
Am. Airlines	51	51	Hoover	17	17	Hawthorne	431	431	Sony	161	161
Am. Can.	83	83	Hoover	604	604	Hawthorne	432	432	Sony	162	162
Am. Broadcast	334	334	Hoover	605	605	Hawthorne	433	433	Sony	163	163
Am. Can.	322	322	Hoover	606	606	Hawthorne	434	434	Sony	164	164
Am. Cyanamid	265	265	Hoover	607	607	Hawthorne	435	435	Sony	165	165
Am. Int'l. Pwr.	374	374	Hoover	608	608	Hawthorne	436	436	Sony	166	166
Am. Gen. Inc.	388	388	Hoover	609	609	Hawthorne	437	437	Sony	167	167
Am. Holt & Tst.	222	222	Hoover	610	610	Hawthorne	438	438	Sony	168	168
Am. Home Prods.	444	444	Hoover	611	611	Hawthorne	439	439	Sony	169	169
Am. Medical Int'l	578	583	Hoover	612	612	Hawthorne	440	440	Sony	170	170
Am. Motors	61	62	Hoover	613	613	Hawthorne	441	441	Sony	171	171
Am. Nat. Reserves	201	201	Hoover	614	614	Hawthorne	442	442	Sony	172	172
Am. Quarz Pat.	361	374	Hoover	615	615	Hawthorne	443	443	Sony	173	173
Am. Standard	711	711	Hoover	616	616	Hawthorne	444	444	Sony	174	174
Am. Storage Sys.	54	55	Hoover	617	617	Hawthorne	445	445	Sony	175	175
Amfam	354	354	Hoover	618	618	Hawthorne	446	446	Sony	176	176
AMP	501	501	Hoover	619	619	Hawthorne	447	447	Sony	177	177
Amplex	20	20	Hoover	620	620	Hawthorne	448	448	Sony	178	178
Amstel Indus.	46	46	Hoover	621	621	Hawthorne	449	449	Sony	179	179
Anchor Hocky	19	19	Hoover	622	622	Hawthorne	450	450	Sony	180	180
Anheuser-Busch	324	324	Hoover	623	623	Hawthorne	451	451	Sony	181	181
Archer Daniels	577	584	Hoover	624	624	Hawthorne	452	452	Sony	182	182
Armc	334	334	Hoover	625	625	Hawthorne	453	453	Sony	183	183
Armstrong OK	156	156	Hoover	626	626	Hawthorne	454	454	Sony	184	184
Assarco	471	471	Hoover	627	627	Hawthorne	455	455	Sony	185	185
Ashtan Oil	41	40	Hoover	628	628	Hawthorne	456	456	Sony	186	186
Asst G Goods	265	265	Hoover	629	629	Hawthorne	457	457	Sony	187	187
Auto-Data Sys.	49	49	Hoover	630	630	Hawthorne	458	458	Sony	188	188
Avco	244	244	Hoover	631	631	Hawthorne	459	459	Sony	189	189
Avx Int'l	244	244	Hoover	632	632	Hawthorne	460	460	Sony	190	190
Baileys Int'l	181	181	Hoover	633	633	Hawthorne	461	461	Sony	191	191
Baner	471	471	Hoover	634	634	Hawthorne	462	462	Sony	192	192
Bantex	407	411	Hoover	635	635	Hawthorne	463	463	Sony	193	193
Barclay Corp.	10	10	Hoover	636	636	Hawthorne	464	464	Sony	194	194
Barclays	27	27	Hoover	637	637	Hawthorne	465	465	Sony	195	195
Bank of N.Y.	354	354	Hoover	638	638	Hawthorne	466	466	Sony	196	196
Bankers Trust N.Y.	19	19	Hoover	639	639	Hawthorne	467	467	Sony	197	197
Bank of W.	42	42	Hoover	640	640	Hawthorne	468	468	Sony	198	198
Baruch & Lomb.	59	59	Hoover	641	641	Hawthorne	469	469	Sony	199	199
Barzett Tras. Lab.	53	53	Hoover	642	642	Hawthorne	470	470	Sony	200	200
Barclay Corp.	26	26	Hoover	643	643	Hawthorne	471	471	Sony	201	201
Barclays	171	171	Hoover	644	644	Hawthorne	472	472	Sony	202	202
Barclay Corp.	171	171	Hoover	645	645	Hawthorne	473	473	Sony	203	203
Barclay Corp.	171	171	Hoover	646	646	Hawthorne	474	474	Sony	204	204
Barclay Corp.	171	171	Hoover	647	647	Hawthorne	475	475	Sony	205	205
Barclay Corp.	171	171	Hoover	648	648	Hawthorne	476	476	Sony	206	206
Barclay Corp.	171	171	Hoover	649	649	Hawthorne	477	477	Sony	207	207
Barclay Corp.	171	171	Hoover	650	650	Hawthorne	478	478	Sony	208	208
Barclay Corp.	171	171	Hoover	651	651	Hawthorne	479	479	Sony	209	209</td

FRENCH CEMENT GROUP DIVERSIFIES

Lafarge to buy Belgian biochemists

BY DAVID WHITE IN PARIS

LAFARGE, the French cement group, is on the point of diversifying into the biochemical industry by taking control of the Coppée group of Belgium. The two groups are completing studies on an industrial link-up. The deal would involve Lafarge buying the Coppée family's controlling 57 per cent stake, valued at FFr 1.92m (\$44m).

In exchange, the Coppée family would receive 800,000 newly-created Lafarge shares, giving them a stake of a little under 9 per cent in Lafarge, which is the world's third largest cement business.

Lafarge plans to offer holders of the publicly quoted shares of the Coppée holding company,

Compagnie Coppée de Developpement (CDI), who have 7 per cent of the capital, cash payment on an equivalent basis.

A question-mark hangs over the remaining 86 per cent of the shares which are held by Société de l'raction et d'Électricité, a subsidiary of Société Générale de Belgique. The Coppée family has pre-emptive rights on these shares if they are put up for sale.

Credit Agricole, the state-supervised French farmers bank, is also taking part in the discussions and may buy its way into the shareholding structure. The Coppée group has important interests in food processing, as well as biotechnology, energy and engineer-

ing. Engineering makes up about 40 per cent of annual turnover, through the group's subsidiary Coppée-Rus.

Lafarge's move coincides with the disposal of its important packaging subsidiary. The Lafarge board this week approved a FF 186m bid for the subsidiary, Lafarge emballage, by La Cellulose du Pin, the paper-making arm of Saint-Gobain-Pont-de-Mousson group.

Lafarge has been in the process of selling its packaging side, which has been suffering from over-capacity, since September last year, when it agreed to sell control in Bilherud Uddeholm of Sweden. The Swedish bid was blocked by the French Government.

Two new divisions created by AEG

By Kevin Done in Frankfurt

AEG-TELEFUNKEN, the second largest electrical and electronics group in West Germany, has created two new divisions to co-ordinate its process plant engineering and communications activities.

The aim of this major restructuring of its operations is to make the company more responsive to market demands.

At the same time the management structure of the group has been radically overhauled. Two main board members, Dr. Horst Naske and Herr Hagen Grossé, lose their posts and two divisional board members are also parting company with the group. The reorganisation of AEG's top management is the first public demonstration of the changes that are being pushed through by Herr Heinz Dürr, the new chairman, who was appointed to the ailing concern last spring.

AEG-Telefunken was saved from the brink of financial collapse late last year through a major rescue effort launched by a consortium of banks, insurance companies and other large West German industrial concerns.

Last year the group ran up losses of DM 965m (\$576m), but Herr Dürr is confident that the group's deficit can be kept to less than DM 200m this year and that it should return to the black in 1981.

In the past AEG has been run through a rigidly centralised management structure, but Herr Dürr is now aiming to bring the decision-making levels in the company closer to the markets and closer to the production divisions.

The chairman of the divisional boards are all being brought onto the main group Board and some central functions, technology and "regions" and "materials supply", are being done away with and are being moved out to individual manufacturing divisions.

AEG will now have six manufacturing divisions—process plant technology, communications equipment, components, house appliances, consumer electronics (Telefunken), and office equipment and systems (Olympia)—which will be responsible worldwide for divisional activities.

After tax, outside shareholders' deduction and preference dividends, the group reported attributable earnings

JAL adopts programme to reduce operating losses

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN AIR LINES has adopted an emergency programme to reduce operating losses incurred as the result of steadily rising fuel costs. The programme is expected to result in the airline incurring a loss of "not more" than Y20bn (\$94.4m) during the year ending March 31, 1981.

JAL's fuel bill for the current year is expected to reach Y235bn, up from Y155bn last year and Y745bn in 1978. In order to cover this, and to make up for revenue losses caused by lower than expected traffic revenues, the airline plans the following measures.

• A 10 per cent cut on all current expenditure. This will be achieved by discouraging overtime work, reducing management level salaries, limiting business travel and a range of other measures.

• Productivity will be increased and staff levels will be frozen at the current level of around

22,000 for JAL's world-wide operations. There will be some natural attrition of the workforce but no lay-offs.

The promotion of female cabin staff to jobs hitherto held only by men will result in productivity improvements as the average levels of seniority of women workers (and therefore seniority-related salary scales) will be lower than those of men in the same jobs.

• Frequencies will be adjusted on JAL's domestic and international routes so as to reduce excess capacity on unpopular routes and take advantage of growing demand on popular routes. Flights to Korea will be cut from 46 to 41 per week but there will be increased frequencies to Manila and other destinations in the south-west Pacific. Trans-Pacific flights will increase but flights to Europe will be largely unaffected.

• A range of fuel-saving measures will be introduced. This will include weight-saving measures such as the repainting of aircraft with lighter paint and measures to improve engine efficiency; and "flight plan measures" which will enable aircraft to fly with smaller fuel loads.

An important "flight plan measure" is the designation of new alternate airports closer to JAL's scheduled stopping places. For example Canton will be designated as the alternate airport for Hong Kong in place of Manila.

JAL's new cost cutting programme—the second it has embarked on in the past five years—will be matched by a stepped up sales effort designed to increase international passenger traffic 1.5 per cent over original targets.

Wheelabator alters bid

By Our Financial Staff

WHEELABATOR-FRYE, the environmental control group which is competing with J. Ray McDermott for control of Pullman, the railway car and construction and engineering concern, has raised the number of Pullman shares it is prepared to buy from 4m to 5.5m. It is offering \$52.50 per share in cash under an offer due to expire at midnight last night.

If more than 5.5m shares of the 11.15m shares issued are tendered, purchases will be made pro rata. McDermott has offered to buy 5.4m Pullman shares at \$43.50 per share.

African Cables escapes squeeze on margins

By OUR JOHANNESBURG CORRESPONDENT

AFRICAN CABLES, which is 80 per cent controlled by various UK cables companies, is the first of the three South African manufacturers to report profit figures which do not reflect squeezed margins.

Turnover in the year to the end of July jumped 60.7 per cent to R75.1m (R46.7m), while pre-tax income was up 61.9 per cent to R13.4m against R8.3m.

In the first six months, earnings per share rose only 6.8 per cent.

But the full year's figures show a 49.5 per cent appreciation to 30.5 cents. The dividend total is up from 14.24 cents to 22 cents.

The average tax rate increased to 45.5 per cent from 41 per cent as benefits of previous heavy capital expenditure were absorbed. In the near future it is unlikely the tax rate will show any material reduction in view of surplus capacity in the South African cable industry.

Turnround at stores group

By OUR JOHANNESBURG CORRESPONDENT

JOHN ORR, the South African department store group which has seen profits falling since 1974/75, achieved a pre-tax profit turnround in the six months to the end of August after selling properties and closing several stores. Pre-tax profit for the period was R590,000 (\$782,600) compared with a R1.5m loss in the comparable previous period.

After tax, outside shareholders' deduction and preference dividends, the group reported attributable earnings

but, for the first nine months of R221,000 against a R1.7m loss. No interim dividend is being declared. Last year a 3.5 cent dividend was paid for the year.

The directors say that both the department store and fashion outlets were currently operating above budget.

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Cardo beats forecast

By Westerly Christen in Stockholm

CARDO, the Swedish investment company, reports pre-tax profits of SKr 237m (\$55.7m) for the year ended April, 1980. This compares with a forecast of SKr 202m, and with the SKr 185m returned for 1979/80.

Sales were also ahead of target, rising by 17 per cent to SKr 1.6bn from SKr 1.4bn.

Operating earnings for the Swedish Sugar Company subsidiary fell below forecast at SKr 133m from SKr 144m. The forecast was for operating earnings of SKr 140m, and the shortfall is mainly attributed to higher energy costs at refineries.

Sales for the subsidiary amounted to SKr 1.15bn, against SKr 1.1bn.

Hilesög, the seed division, on the other hand, recorded a rise in operating earnings to SKr 114m.

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COMMODITIES/REVIEW OF THE WEEK

World sugar surges on Russian buying

BY OUR COMMODITIES STAFF

WORLD SUGAR values hit the highest levels since early 1975 this week as reports of heavy Russian purchases breathed new life into the market.

The London daily price for raw sugar was lifted yesterday by £12 to £37.2 a tonne. On the futures market the January position reached a five-year peak of £402 at one stage before falling back on profit-taking sales to close at £391.8 a tonne, £2.25 up on a week ago.

Main influence behind the upsurge in sugar prices, after the market had been forced lower early in the week, was confirmation from several sources that the Soviet Union was buying heavily.

Estimates of the quantity bought by Russia vary between

from £1.2bn in December. The company continues to book relatively large long-term contracts.

The company has experienced set-backs on a number of contracts which have adversely affected profits but gave no details. The increasing requirement for working capital and continuing high interest rates have led to sharp rises in interest charges. These factors have been compensated by several "significant incidental" profit items.

Investments will remain below the £110m depreciation level. A £1.3bn order won at the end of last year to develop and

exploit a gas field in central Argentina will be financed through a separate Argentinian company and will not be included in consolidated group figures.

Bos Kalis noted a revival in foreign construction and dredging markets and said further growth in order portfolio and turnover could be expected next year.

The announcement of Bos Kalis' profit recovery comes shortly after Volker Stevin, the largest Dutch contractor, revealed that it expected to slide into the red this year after difficulties with a pipe-laying contract in Oman.

In the UK T. Clarke booked

increased profits of £220,000, compared with £150,000, after a 4 per cent rise in sales to £2.8m.

In the civil-engineering and contract division, the construction company Ernst Goehner now looks forward to a "brighter future" having been a problem child for some years. Last year, construction volume rose 5.2 per cent to SwFr 201m.

Elsewhere in this sector, Elektrowatt, Ingenieurunternehmung booked a 12 per cent improvement in turnover to SwFr 125.9m last year and is expected to pass the SwFr 140m mark in 1980. Serete one of 11 per cent to FFr 218m.

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Apart from its participations in Swiss, German and French power stations, Elektrowatt has important holdings in industrial undertakings. Leading among these are Cerberus, the manufacturer of fire-fighting systems, which saw 1979 sales rise 3 per cent to SwFr 180m.

Staeifa Control Systems, where turnover rose sharply by 20 per cent to SwFr 125.9m last year and is expected to pass the SwFr 140m mark in 1980.

According to Dr. Hans Benjamin, the chairman, losses

incurred by the construction subsidiaries have now been fully covered in the company's accounts.

Net profits have improved to SwFr 22.1m (£13.5m) from SwFr 20.6m, and group cash-flow has expanded by two-fifths to SwFr 210m. The dividend is being maintained at 10 per cent.

Elektrowatt, in which Credit Suisse holds a large stake, describes the performance as the "first unreservedly satisfactory year since 1975/76". According to Dr. Hans Benjamin, the chairman, losses

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LONDON STOCK EXCHANGE

Recession clouds over equity markets with GKN again leading the downturn—Gilts follow but Golds shine

Account Dealing Dates

Option
*First Declara. Last Account Dealings Date Sept. 11 Sept. 12 Sept. 22 Sept. 15 Sept. 25 Sept. 26 Oct. 6 Sept. 29 Oct. 9 Oct. 10 Oct. 20 "New time" dealings may take place from 9 am two business days earlier.

The realities of deepening recession brought home on Thursday by leading engineering group Guest Keen, which shook London equities late Thursday for the first time in over 40 years and announcing a sharp fall in earnings with little relief seen for the current half-year, still dominated stock markets yesterday. Consideration of the increasing financial pressure on industry, emphasised only 24 hours earlier in the Bank of England's latest quarterly bulletin, kept institutional and other investors firmly on the sidelines.

Leading shares made little concerted effort to rally after being lowered at the opening and the pressure remained on GKN. Although buyout was on occasion sizeable, GKN were able only to bump along the day's lowest and closed a further 7 down for a two-day slump of 37 at 191p.

Other Engineries eased. In sympathy, but little selling developed and Tube Investments, along with some other leaders, eventually regained the overnight level. Illustrating the unsettled trend, the FT Industrial Ordinary Share Index, which at 2 pm on Thursday appeared set to test its 1980 high, closed above the worst but 3 down at 494.4 for a fall of 14.5 on the week.

The Government's attempt to contain local authority spending made scant impression on Gilts, which traded quietly before turning down in the afternoon session ahead of and after news of fresh U.S. Prime rate increases, generally to 12½ per cent. The tone of the market was indicative of recent investment buyers having some difficulty in digesting stock purchases, and longer-dated issues finally lost 1. The debut of the new long tap was uninteresting, Exchequer 12 per cent 1988 A closing at 1 discount on the issue price of 92½, 50d paid. Shorter maturities were again guided by the trend of the longs and sustained losses.

The overall drabness of stock markets was, however, relieved by another strong advance in South African Gold shares. Fresh widespread attempted buying impinged on a market experiencing an acute stock

shortage and brought further gains among heavyweight issues ranging to 24 points. The FT Gold Miners Index jumped 17.1 for a week's advance of 36.4 to an all-time peak of 304.8.

Consolidated Gold Fields continued to attract an active business in Traded options, contributing 318 deals to a total of 766, slightly above the previous day's 645.

UDS up again

UDS, which staged a successful debut on Tuesday, attracted fresh support and put on 11 to 125p which compares with Tuesday's opening level of 92p and the placing price of 67p; the shares are dealt under Special Rule.

Insurances easier

Insurances succumbed to the general fall trend as profit-taking after the recent good gains prompted falls ranging to 2. Willis Faber cheapened that much but still closed 34 higher on the week at 269p following the better-than-expected interim results. Minet shed 5 to 112p. Alexander Howden 3 to 103p and Stewart Williamson 2 to 240p; the last-named is due to announce half-yearly results next Tuesday. Eagle Star, which reported satisfactory first-half results on Wednesday, closed 8 lower at 262p among Composites among which Phoenix declined 6 to 312p and General Accident and GRE relinquished 4 pence to the common level of 368p.

Further consideration of the chairman's warning about prospects for the current year saw Distillers down to 212p in the early business, but support after the official close left the shares a net 3 better at 218p, still down 12 on the week. Arthur Bell fell 6 for a two-day fall of 10 at 186p. Among Breweries, a down-graded forecast from a leading broker clipped 3 from Bass, 237p.

Leading Building issues proved sensitive to small offerings and Blue Circle and Redland both shed 4 to 354p and 170p respectively, while Taylor Woodrow cheapened 10 to 482p. Magnet and Southerns lost 7 to 163p on the chairman's cautious remarks at the annual meeting, but Breedon and Cloud Hill Lime Works hardened a penny to 106p in response to the higher interim profits. Elsewhere, Tilbury Contracting and Wilson (Connally) added 6 pence to 213p and 120p respectively in thin markets, while William Whittingham added another 4 to 118p. Richards and Wellington, a rising market of late on recovery hopes, eased 3 to 52p but retained a gain on the week of 7.

GKN fell 7 more for a two-day collapse of 37 to 191p following comment on the depressing interim statement. Other Engineries were marked lower throughout the list in sympathy. Vickers fell 6 to 125p ahead of next Thursday's interim figures while Hawker shed a similar amount to 228p and Tubs cheapened 2 more to a 1980 low of 230p. Elsewhere, Amcor dropped 6 to 45p on nervous selling ahead of Tuesday's mid-term results, while Desoutter Brothers lost 5 to 117p following the reduced half year earnings.

GKN's depressing interim statement unsettled Motor Com-

Falls of between 5 and 7 were seen in Edbro, 76p, Rendel, 75p, Vosper, 105p, Westland, 148p, and RHP, 105p. Comment on the interim results caused Delta Metal at 57p, to give up 15 of the previous day's gain of 31, while Francis Shaw eased a fraction to 10p on the interim deficit and Bramah Miller lost 3 to 12p. By way of contrast, F. H. Lloyd edged forward a couple of pence to 21p; the price in yesterday's issue was incorrect.

Leading Properties gave ground as stock came on offer, Land Securities closing 5 off at 385p and MEPC 4 cheaper at 247p. Great Portland Estates also shed 4, to 234p. Recently firm Marler Estates at 105p, gave up 3 of the previous day's gain of 14 which followed the announcement of bid approaches, but still retained a gain on the week of 26. Mountbatten continued firmly, up 4 more at 108p in a thin market, while Clarke Nickels added 6 for a two-day gain of 9 to 133p on a broker's circular. Lagana Estates, in which Mr. Jim Slater holds a 17 per cent stake, put on 4 to 41p, while the new nil paid shares added 5 to 15p premium.

The London-based Financials were featured by Gold Fields which jumped 17 more to a record 625p still reflecting the 60 per cent advance in profits announced last Wednesday.

RITZ held steady at 475p, 12 cheaper on the week, following news of a £12m rights issue in convertible loan stock announced on Wednesday along with the increased interim profits and dividend.

Platinums made further progress in sympathy with Golds. Impala put on 5 for a rise of 80p, while Rustenburg added 12 to 348p.

Australians were generally lower, in line with overnight domestic markets. MM Holdings gave up 10 to 227p on the one-for-four scrip issue.

The Rundle twins gave ground at the outset following news that the first phase of the Rundle development may cost U.S.\$1.1bn, more than double initial estimates. Central Pacific closed 4 off at 257, after 158p, while Southern Pacific were finally unchanged at 114, after 113p.

Elsewhere, Silvermines fell further in the wake of Aran Energy, closing 3 down on annual earnings.

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100 Euston Road, London NW1 2BY (Administrator).

BRITISH FUNDS

	Price	Yield	Yield
Shorts (Lives up to Five Years)			
1975 1475	95.00	13.00	13.00
1976 1475	95.00	13.00	13.00
1977 1475	95.00	13.00	13.00
1978 1475	95.00	13.00	13.00
1979 1475	95.00	13.00	13.00
1980 1475	95.00	13.00	13.00
1981 1475	95.00	13.00	13.00
1982 1475	95.00	13.00	13.00
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Saturday September 20 1980

We made
 them first,
 we make
 them last...
 Stobart & Pitt
 Project, insurance, shipping & marine plating

MAN OF THE WEEK

Copper bottomed profits

BY IAN RODGER

In 1948, Sir Mark Turner was sent by his merchant banking firm, Robert Benson, Lonsdale, to reorganise Rio Tinto, a small company with a copper mine in Spain and two other copper investments.

Two years later, he persuaded Sir Val Duncan, then commercial manager of the National Coal Board, to manage the company and Sir Val led it for the next 24 years until his sudden death in December, 1975, transforming it into one of the world's largest mining finance groups.

By a strange stroke of fate, Sir Mark, now 74, once again finds himself preparing to hand over control of a vastly enlarged Rio Tinto-Zinc. And this week he launched a £12m rights issue to help his designated successor, Sir Anthony Tuke, direct the group to new growth when he takes over next spring as chairman.

Today's RTZ is widely considered to be the creation of Sir Val, a barrister who showed

U.S. may increase IMF contribution by 50%

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. House of Representatives yesterday approved a 50 per cent increase in the U.S. contribution to the International Monetary Fund (IMF) but warned of adverse consequences if the Palestinian Liberation Organisation is given official status at the fund's next annual meeting.

A rider attached to the IMF Bill, sponsored by Congressman Benjamin Gilman, a New York Democrat, said that admission of the PLO as an observer to the IMF—even if the U.S. raises a quorum and carries its motion, the Finance Minister may bring the matter before the full annual meeting.

The Carter Administration, while conscious of the domestic political damage to the President's re-election that could be caused by admission of the PLO as an observer, had lobbied hard for Congressional approval of the IMF quota Bill.

The House agreed the increased contribution just before votes of IMF member nations on the question of the PLO's status were due to be counted. The members were voting on a U.S. motion that the PLO should be excluded this year, pending review of the general question of observers.

If the U.S. fails to raise a quorum (half the IMF's member-

ship, but two-thirds of its weighted vote) on the PLO issue from the posted vote, then discretionary authority will pass into the hands of Mr. Amin Jamal, the Tanzanian Finance Minister and chairman of the annual meeting which begins in Washington on September 30. Mr. Jamal has said that he would issue an invitation to the PLO—even if the U.S. raises a quorum and carries its motion, the Finance Minister may bring the matter before the full annual meeting.

The Carter Administration, while conscious of the domestic political damage to the President's re-election that could be caused by admission of the PLO as an observer, had lobbied hard for Congressional approval of the IMF quota Bill.

However, the House of Representatives' version is sufficiently different from that already passed by the Senate that a committee of both chambers will have to sort out discrepancies before the joint Fund-Bank annual meeting.

Prime rates climb again

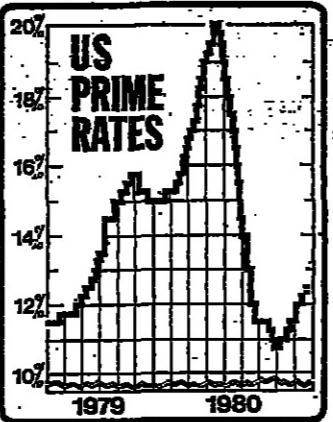
BY PAUL BETTS IN NEW YORK

PRIME LENDING rates of major U.S. banks climbed another quarter percentage point to 12½ per cent yesterday, continuing their steady upward movement since the beginning of August when the rate charged to prime borrowers stood below 11 per cent.

Citibank, the largest New York bank, again led the way to the latest increase. It was quickly followed by several other major U.S. banks, including Bank of America, Chase Manhattan, Chemical Bank and Manufacturers Hanover.

The continuing increase in the prime reflects concern over the persistence of high inflation and short-term interest rates which have been trading about half a percentage point higher this week than at the end of last week. Last Friday, most major U.S. banks lifted their prime by a quarter percentage point to 12½ per cent.

But the current increases in prime lending rates could now become a sensitive political issue as fears grow that rising



interest rates might choke off the recovery. Indeed, while housing starts continued to grow for the third consecutive month in August, the rise in mortgage rates has weakened borrowing demand and home sales so far this month.

Although recent economic statistics have strengthened the view that the U.S. recession might be over, President Jimmy Carter said on Thursday he was not sure that it had effectively ended. However, the recovery of the country's economic system seemed to be progressing "very well."

But as the presidential campaign draws to its November climax, there also appears to be concern that the continuing rise in interest rates might halt the recovery at a politically sensitive moment.

The rise in short term interest rates have also had a depressing effect on the corporate bond market, keeping several proposed issues from even getting off the ground this week.

U.S. election feature, Page 16

French get protest over Soviet deal

By David White in Paris

THE U.S. has complained to France about the \$300m (£15m) contract landed by French companies for steel-making equipment in the Soviet Union. U.S. diplomats said here yesterday. The Soviet project had originally involved Armc, the U.S. steel group, which withdrew after the Soviet Union's invasion of Afghanistan.

The U.S. complaints were made verbally and in writing "at the highest level," both before and after the deal was made public earlier this week.

This appears to contradict flatly Thursday's statement from the French Foreign Ministry that there had been no protests over the deal—perhaps referring to the fact that the complaints had not taken the form of a formal diplomatic note—and that the contract was "not a subject of contention" between Paris and Washington.

The French Government claims that the deal does not include the part that was to have been taken by Armc, mainly the transfer of know-how. It says that the group of French companies, led by Creusot-Loire, will take over Nippon Steel's share of the original contract, i.e. the equipment itself, worth about three-quarters of the total cost of the project.

Sir Mark's tenure has also been marked by a sharp increase in RTZ's public exposure and he has dealt with considerable polish with attacks from many quarters. The company is frequently criticised for its involvement in Namibia, for its treatment of Aboriginal labour in Australia and has been defendant in a marathons series of U.S. legal actions relating to the alleged existence in the early 1970s of an international cartel to set uranium prices of which RTZ is accused of being part.

With six other senior RTZ executives, Sir Mark was marched before a U.S. court judge in June, 1977, and went through the humiliating procedure of pleading the Fifth Amendment, which protects the accused against self-incrimination. It is a procedure usually adopted by Mafia leaders and hardened criminals.

He added that very high rates were now discouraging businesses from moving into or setting up new premises in certain areas. It has not prevented the CBI from moving into Camden, however, which has the highest rate in the country. The attraction

Thatcher visit aids entente with France

BY ROBERT MAUTHNER IN PARIS

MRS. MARGARET THATCHER and President Giscard d'Estaing yesterday restored some of the old warmth to the stormy Anglo-French relationship at a one-day summit meeting more notable for its good atmosphere than concrete results.

Both clearly considered that the time had come to end the recent series of quarrels, and they did so by a public display of goodwill which some observers thought was almost too good to be true.

Mrs. Thatcher was in a particularly effusive mood, saying the atmosphere at the meeting had been "wonderful," that the Entente Cordiale was in "good heart" and that a wide measure of agreement had been reached on a whole range of international problems.

These included East-West relations after the Soviet invasion of Afghanistan as well as recent events in Poland, the Middle East, Africa and the world economic situation.

President Giscard, though less expansive, also went out of his way to underline the "cordial and trusting spirit" in which the discussions had taken place. On all the subjects which had been discussed, his and Mrs. Thatcher's views had been either similar or convergent.

It was significant, however, that the two leaders emphasised that they had not discussed in

Continued from Page 1

CBI seeks ban

ancies. Passing the cuts on to the ratepayer will only make all that worse at a time when the private sector is already bearing the brunt of the recession," Mr. Davis said.

He was launching a CBI publication intended as a business man's guide to local government, and a CBI campaign to persuade businessmen and industrialists to stand for election to local councils in order to influence council affairs.

He added that very high rates were now discouraging businesses from moving into or setting up new premises in certain areas.

It has not prevented the CBI from moving into Camden, however, which has the highest rate in the country. The attraction

of low rents in the Centre Point building, of which the CBI has taken 15 floors, apparently outweighed the rates disincentive.

Following the Government's measures, Mr. Roy Hattersley, "shadow" Environment Secretary, yesterday stepped up the Opposition campaign to persuade the House of Lords to block the Local Government Planning and Land (No. 2) Bill which contains the powers needed to enforce the penalties against the 14 councils.

If Tory peers lined up "slavishly" behind the Bill next month it would be "another nail in the House of Lords' coffin," he said.

Mr. Hattersley had been "arbitrary and capricious." The authorities being singled out for punishment had behaved in a perfectly lawful way.

credit, as opposed to the recent big distortions.

The general downward trend of interest rates has also been underlined by the fall in the last fortnight of roughly a point to 15½ per cent in the three-month interbank rate—a key influence on the cost of part of the banks' deposits raised in the money markets.

The gilt-edged market was fairly quiet yesterday, although prices of long-dated stock closed up to £1 down following the news of the further rise in U.S. prime rates. But the undertone was described as firm, and there was no evidence of significant selling. Prices have fallen fractionally over the week as a whole.

European Ferries buys bank

By William Hall,
 Shipping Correspondent

EUROPEAN FERRIES emerged as mystery bidder for Singer and Friedlander, one of the City's smaller merchant banks. It has shown its displeasure by failing to lower its own bill, dealing rates in line—the official attitude towards interest rates remains extremely cautious. Across the Atlantic, meanwhile, the most major banks have raised their lending rates a quarter point to 12½ per cent.

It is generally agreed that the PLO cloud hangs heaviest over the chances for Congressional approval of the U.S. contribution to the sixth replenishment of the International Development Association (IDA), the soft loan arm of the World Bank. The IDA Bill has passed the Senate, but is pending in front of the House and is unlikely to be brought to a vote before the presidential election, and certainly not before the joint Fund-Bank annual meeting.

Traditionally, the Bank of England does not like foreigners to own banks which, like Singer, are members of the Accepting Houses Committee, often regarded as the City's most elite club.

Several companies were interested in buying Singer and Friedlander but the merchant bank decided to take the initiative. One of its executives, Mr. John Cooper, approached Mr. Keith Wickenden, a friend and chairman of European Ferries.

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So European Ferries, which

is anxious to build up its financial services and property activities, is not going to far out on a limb. Its current programme of investment in ships is coming to a close, and once that is out of the way the group will be generating substantial surplus funds. As a very rough guide, its current rate of cash flow could exceed annual loan repayments and the cost of the dividend by about £5m. The group is pushing hard into property development, but says it is not having to put much equity in this activity.

At the same time, the group has come up with some disappointing interim profits, down from £6.7m in 1979 but it has not lived up to the early expectations of its parent.

In its last financial year Singer and Friedlander disclosed after-tax profits of £2.6m. Its net assets are £26.3m after adjusting for the revaluation of investment properties, and it has deposits of £21.9m.

Mr. Solomons said he was delighted with the move and looked forward to a long, happy relationship with European Ferries.

Mr. Wickenden and his managing director, Ken Siddle, will join the bank's board.

European Ferries' share price fell by 10p to 165p last night.

Background, Page 3;
 Results, Page 18

Weather

UK TODAY
 CLOUDY with showers, developing in the north but dying out in the south.

London, S. E. and N.E. England
 Rain, heavy at times, bright intervals later. Max 19C (66F). W. England, W. Midlands, Wales
 Showers slowly dying out. Wind strong. Max 19C (66F).

Borders, S.W. Scotland
 Becoming cloudy with rain. Max 16C (61F).

Rest of Scotland, Ulster
 Mainly dry, sunny intervals. Max 16C (61F).

Outlooks: Showers and sunny intervals. Warmer in S.E.

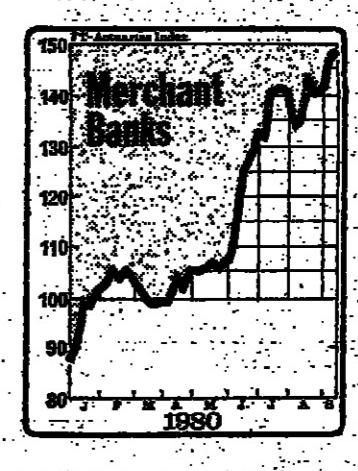
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 C 22 77 Zurich S 21 70
 Locarno C 21 70
 C-Cloudy. F-Fair. R-Rain. S-Sunny.

THE LEX COLUMN

Singer takes a ferry ride

Index fell 3.3 to 494.4



but it obviously has a big gap to fill on the property side. Down 16p to 169p yesterday, the shares yield 4.5 per cent.

Plus ça change

Light relief in a gloomy week for industry comes in the improbable form of a shareholders' letter from John Baker (Insulation), which is traded on the Stock Exchange's Rule 163 (2). It shows that British Ferries can overcome the most difficult trading conditions.

In April 1979, Baker raised £299,000 through a share placing, of course, the fact that the recession has passed the industry by. Thus STC's first full turnover is up